OVERVIEW

As of the Latest Practicable Date, our Company was held as to 34.94% by Mr. Wang Xuegen (王雪根), 2.28% by Dongtai Suiding, and 1.23% by Guangtongyuan. Mr. Wang Xuegen is general partner of each of Dongtai Suiding and Guantongyuan.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Wang Xuegen will be entitled to exercise and control (through Dongtai Suiding and Guangtongyuan) the exercise an aggregate of **[REDACTED]**% of the voting power at general meetings of our Company. Upon **[REDACTED]**, each of Mr. Wang Xuegen, Dongtai Suiding and Guangtongyuan will constitute a group of controlling shareholders of our Company under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon **[REDACTED]**.

Management Independence

Upon **[REDACTED]**, our Board will comprise eight Directors, including four executive Directors and four independent non-executive Directors. Although Mr. Wang Xuegen, our executive Director, is also a Controlling Shareholder and the general partner of Dongtai Suiding and Guangtongyuan, our management and operational decisions are made collectively by our executive Directors and senior management, most of whom have served our Group for a long time and all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. See “Directors and Senior Management” for further details.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act in good faith for the benefit of our Company as a whole, and avoid conflicts between his/her personal interests and the interests of our Company. Further, we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board. In the event that a Director or his/her associate has a material interest in a contract or arrangement or any other proposal to be entered into by our Group, the interested Director will abstain from voting on the relevant board resolution and not be counted in the quorum of the relevant Board meetings. See “— Independence from Our Controlling Shareholders — Corporate Governance Measures” for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management (other than Mr. Wang Xuegen) are able to perform their managerial role in our Group independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after **[REDACTED]**, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (together with our subsidiaries) holds or enjoys the benefit of all licenses, qualifications, intellectual properties and permits necessary to carry on our business, and has sufficient capital, equipment, facilities, access to customers and suppliers, and employees to operate our business independently of our Controlling Shareholders and their respective close associates. We have also established a set of internal control measures and adopted corporate governance practices to facilitate the effective operation of our business.

Apart from the transaction set out in "Connected Transaction," our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders or their respective close associates upon **[REDACTED]**.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We have our own accounting and finance department with a team of independent financial staff responsible for discharging the treasury function, and an Audit Committee comprising solely of non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We have independent access to third-party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. Hence, we do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our Controlling Shareholders or their respective close associates to our Group.

Based on the above, our Directors believe that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after **[REDACTED]**.

COMPETITION WITH OUR CONTROLLING SHAREHOLDERS

Delineation of Business

We are a high-tech enterprise specializing in the research, development, production and sale of printed circuit boards. Each of Dongtai Suiding and Guangtongyuan is an employee shareholding platform and has no substantive business operations.

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/it did not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In connected with our A Share listing, Mr. Wang Xuegen provided a non-competition undertaking to our Company pursuant to which he has undertaken that, so long as he remains a controlling shareholder or an actual controller of our Company:

(a) none of Mr. Wang Xuegen and other enterprises controlled by him (the "**Relevant Parties**") is engaged in the business which is the same as or competes with the principal business of our Company, or directly or through investment holding, minority stake, joint ventures, associates, or any other form, engages in, or operates on behalf of others, any business that is the same as, similar to, or in competition with the principal business of our Company. The Relevant Parties would not directly or indirectly participate in any business which competes or is likely to compete with the principal business of our Company;

(b) the Relevant Parties would not engage in any business in or outside China that directly competes with the principal business of our Company, our subsidiaries and branches, which includes investing in, acquiring, or merging with companies or other entities in or outside China that competes or is likely to compete with the principal business of our Company, our subsidiaries and branches;

(c) if our Company enters into new business areas, the Relevant Parties would not engage in any business that directly competes with the new business of our Company, either in or outside China, through investment holding or minority stake with substantive control, which includes investing in, acquiring, or merging with companies, their subsidiaries and branches or other entities that are currently or may in the future engage in such new business;

(d) if our Company is of the view that the Relevant Parties engage in a business that directly compete with the principal business of our Company, Mr. Wang would terminate such business or consolidate such business into our Company; and

(e) the above undertakings are irrevocable and if Mr. Wang fails to fulfill the above undertakings, he would indemnify our Company for any actual loss suffered as a result.

Corporate Governance Measures

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(a) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. See "Directors and Senior Management — Directors — Independent Non-executive Directors";

(d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and

(e) we have appointed First Shanghai Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.