OVERVIEW

As of the document date, Mr. Zhang, Mr. Pan and Changzhou ASFS, by virtue of the Concert Party Arrangement, are collectively entitled to exercise control of approximately 31.78% of the voting powers of our Company, among which:

(i) Mr. Zhang being entitled to exercise the voting rights attaching to approximately 14.23% of the total issued Shares of our Company, which includes his direct interest (approximately 5.36%) and indirect interest through Shanghai Weiyong and Shanghai Zhice respectively, both of which are limited partnerships where Mr. Zhang serves as the general partner; and

(ii) Mr. Pan being indirectly entitled to exercise the voting rights attaching to approximately 17.55% of the total issued Shares of our Company through Changzhou ASFS. Mr. Pan is deemed to control Changzhou ASFS as he controls an aggregate of approximately 82.62% of its equity interest. Such control is established through his direct shareholding of 30.46% in Changzhou ASFS, and his capacity as the general partner of each of the entities below:

  (a) Changzhou Litian;
  (b) Shanghai Weiba;
  (c) Shanghai Weijiu; and
  (d) Changzhou Weishi.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhang, Mr. Pan, Changzhou ASFS, Shanghai Weiyong, Shanghai Zhice, Changzhou Litian, Shanghai Weiba, Shanghai Weijiu and Changzhou Weishi together will hold approximately [REDACTED]% of our enlarged issued share capital, and will constitute a group of Single Largest Shareholders upon [REDACTED].

For further details of the Concert Party Arrangement and the members of our Single Largest Shareholders, see "History, Development and Corporate Structure" and "Directors and Senior Management".

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, none of our Single Largest Shareholders, our Directors or any of their respective close associates had any interests in a business, apart from the business of our Group, which competed or was likely to compete, directly or indirectly, with our business or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS

Our Directors believe that our Company is capable of carrying on its business independently of our Single Largest Shareholders and/or their respective close associates after the [REDACTED] for the reasons set out below.

Management Independence

Our Directors are of the view that our Company is managed independently of our Single Largest Shareholders for the following reasons:

(a) each of our Directors is aware of his/her fiduciary duties as a director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and our Shareholders as a whole, and must not allow any conflict between his/her duties as a Director and his/her personal interest to exist;

(b) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, at any meetings held to discuss a matter that gives rise to a conflict with any of our Directors and their respective associates, any conflicted Directors will abstain from voting and will not be counted in the quorum of the relevant Board meeting;

(c) our Board consists of Directors and of whom four are independent non-executive Directors with extensive experience in different industries. They have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinion;

(d) connected transactions between our Group and our Single Largest Shareholders or their respective associates, if any, are subject to the requirements under the Listing Rules, including the requirements of reporting, announcement and Shareholders' approval (where applicable); and

(e) daily management and operation of our Group are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For further details of the industry experience of our senior management team, see "Directors and Senior Management".

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform its managerial role independently and manage our business independently from our Single Largest Shareholders after the [REDACTED].

Operational Independence

Our Company makes business decisions independently. We hold all relevant licences and all relevant intellectual property rights and research and development facilities, and have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent of our Single Largest Shareholders and will continue to do so after the [REDACTED].

Our Directors consider that our operations do not depend on the operation of our Single Largest Shareholders for the following reasons:

(a) there is no competing business between our Group and any of our Single Largest Shareholders;

(b) none of our Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with our business;

(c) we have our own independent operational capabilities and independent access to our customers and suppliers; and

(d) our Company has its own administrative and corporate governance infrastructure (including its own accounting, legal and human resources departments).

Based on the above, our Directors are satisfied that we are able to operate independently from our Single Largest Shareholders after the [REDACTED].

Financial Independence

Our Company is financially independent for the reasons set out below:

(a) we have an independent financial system and finance team responsible for our own treasury functions and we have made, and will continue to make, financial decisions based on our own business needs; and

(b) we have sufficient capital to operate our business independently. As of the Latest Practicable Date, we had certain outstanding loans guaranteed by Mr. Zhang and Mr. Pan, our Single Largest Shareholders, all of which will be released upon the [REDACTED]. Save as disclosed above, as of the Latest Practicable Date, there were no loans, advances or guarantees provided to us by our Single Largest Shareholders or their close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Single Largest Shareholders and their respective close associates after [REDACTED].

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.

We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Single Largest Shareholders or any of their close associates has a material interest, the relevant Single Largest Shareholders or their close associates will not vote on the relevant resolutions;

(b) where a Board meeting is held for matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any of our group of Single Largest Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(d) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interest between our Group and our Single Largest Shareholders (the "**Annual Review**") and provide advice to protect the interests of our minority Shareholders;

(e) our Single Largest Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the Annual Review;

(f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;

(g) where our Directors reasonably request the advice of independent professionals such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(h) we have appointed Orient Capital (Hong Kong) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong as well as the Listing Rules, including various requirements relating to corporate governance during its term of appointment.

Based on the above, our Directors believe that sufficient corporate governance measures have been or will be put in place to manage conflicts of interest that may arise between our Group and our Single Largest Shareholders and to protect our Shareholders' interests as a whole after the [REDACTED].