OVERVIEW

As of the the Latest Practicable Date, our Company was directly held by the Direct Offshore Holding Companies, namely Jiaxin BVI II, Ying BVI II, Bin BVI II, Wei BVI II and Dan BVI II, as to 70.63%, 3.95%, 4.41%, 4.41% and 4.41%, respectively. The Direct Offshore Holding Companies are controlled by the respective Founder BVIs, namely Jiaxin BVI, Ying BVI, Bin BVI, Wei BVI and Dan BVI, which held all of the voting shares of the respective Direct Offshore Holding Companies[1]. Each of Ying BVI, Bin BVI, Wei BVI and Dan BVI was wholly owned by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, respectively, and Jiaxin BVI was held as to 51.25%, 16.25%, 16.25% and 16.25% by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, respectively. Therefore, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, as our Controlling Shareholders Group, are entitled to exercise, through the Founder BVIs and the Direct Offshore Holding Companies, in aggregate approximately 87.82% voting rights of the Company as of the Latest Practicable Date, approximately [**REDACTED**]% voting rights of the Company immediately after completion of the [**REDACTED**] assuming the [**REDACTED**] is not exercised, and approximately [**REDACTED**]% voting rights of the Company immediately after completion of the [**REDACTED**] assuming the [**REDACTED**] is exercised.

Therefore, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan, Founder BVIs and the Direct Offshore Holding Companies, will continue to be a group of Controlling Shareholders upon the [**REDACTED**].

CONFIRMATION

As of the Latest Practicable Date, none of our Directors or any member of Controlling Shareholders Group was interested in any business, which competes or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

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

Management Independence

Our daily operational and management decisions are made collectively by our Board and our senior management. Our Board consists of four executive Directors, two non-executive Directors and three independent non-executive Directors. Among the four executive Directors, each of Mr. Zheng Chunying, Mr. Zheng Chunbin and Mr. Zheng Chunwei is a Controlling Shareholder.

We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Controlling Shareholders Group for the following reasons:

- Mr. Du Shenglin, one of our executive Directors, Ms. Zhu Xuejing, one of our non-executive Directors, and our three independent non-executive Directors do not hold any position in the Controlling Shareholders Group or close associates of the Controlling Shareholders. They are fully aware of their fiduciary duties as a director of our Company.

1 The Family Trust Non-Voting BVIs held only non-voting shares of the Direct Offshore Holding Companies and were not entitled to exercise any voting right as a shareholder over the respective Direct Offshore Holding Companies. As such, the Family Trust Non-Voting BVIs are not considered as a member of the Controlling Shareholders Group for purpose of the Listing Rules.

- Each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest.
- In the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Controlling Shareholders Group or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.
- Our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholders Group or their respective associates; (b) our independent non-executive Directors account for one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole.
- We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interests, if any, between our Group and our Controlling Shareholders Group, which would support our independent management. See "— Corporate Governance Measures".

Having considered the above factors, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Operational Independence

Our Group holds all the relevant material intellectual properties rights, licenses, qualifications and permits required for conducting our Group's business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders Group and their respective close associates. Our Group also has independent access to our customers. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

For details about our related party transactions during the Track Record Period, see Note 35 of the Accountant's Report as set out in Appendix I to this document. As of the Latest Practicable Date, save for the services and materials procurement transactions which are ancillary in nature as disclosed in "Connected Transactions," all related party transactions which will constitute connected transactions have been terminated.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders Group and their respective close associates.

Financial Independence

Our Group has an independent internal control, accounting and financial management system. We have an independent finance department which makes financial decisions according to our Group's own business needs, as well as an independent accounting department, treasury function for cash receipts and payments, and independent access to third party financing. Our Group's accounting and finance functions are independent of our Controlling Shareholders Group and their respective close associates. During the Track Record Period and up to the Latest Practicable Date, there were no outstanding loans, or guarantees provided by or granted to our Controlling Shareholders Group or their respective associates.

Based on the above, our Directors believe that we have the ability to conduct our business independently from our Controlling Shareholders Group and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders Group and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders Group:

(a) Where a Shareholders' meeting is held for considering proposed transactions in which one of our Controlling Shareholders Group has a material interest, such Controlling Shareholder shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.

(b) Where a Board meeting is held for the 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) In the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and our Controlling Shareholders Group, our Controlling Shareholders Group 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 in its annual reports or by way of announcements.

(d) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

(e) Any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules.

(f) We have appointed Somerley 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.

Based on above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Controlling Shareholders Group and/or other Directors to protect the minority Shareholders' rights after [**REDACTED**].