THE CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Luo and Suzhou Heyang, which is controlled by Mr. Luo in the capacity of general partner, collectively controlled the exercise of the voting rights attaching to an aggregate of approximately 38.04% of our total issued share capital, comprising (i) approximately 33.33% voting rights directly held by Mr. Luo, and (ii) approximately 4.71% voting rights directly held by Suzhou Heyang.

Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Luo and Suzhou Heyang will collectively control the exercise of the voting rights attaching to an aggregate of approximately **[REDACTED]**% of our enlarged total issued share capital. Therefore, Mr. Luo and Suzhou Heyang will be considered as a group of our Controlling Shareholders for the purpose of the Listing Rules after the **[REDACTED]**.

INTEREST IN COMPETING BUSINESS OF OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders confirm that, as of the Latest Practicable Date, neither of them nor their respective close associates was interested in or engaged in any business, other than our Company, which competes or is likely to compete, either directly or indirectly, with our Group's businesses and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**, taking into account the factors below.

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the **[REDACTED]**, our Board will comprise seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors, among whom Mr. Luo, the chairman of our Board, an executive Director and our general manager, is one of our Controlling Shareholders. For further details, see "Directors and Senior Management — Executive Directors." Save as the partnership in Suzhou Heyang, all the other Directors and other members of our senior management are independent from our Controlling Shareholders.

Our daily management and operation decisions are made by our executive Directors and senior management, all of whom have substantial experience in the industry in which we operate and will be able to make business decisions that are in the best interest of our Group. Each of our Directors is aware of his or her fiduciary duties as a Director, which require that he or she acts for the benefit and in the best interests of our Company and do not allow any conflict between his or her duties as a Director and his or her personal interests. We have appointed three independent non-executive Directors in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions. We believe that our independent non-executive Directors have the depth and breadth of experience which will enable them to bring independent judgment to the decision-making process of our Board. If there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Based on the above, our Directors believe that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own organizational structure with independent departments assigned to specific areas of responsibilities, which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their respective close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their respective close associates.

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

Financial Independence

We have established an independent finance department with a team of financial staff which operates entirely independently of the Controlling Shareholders and their respective close associates. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their respective close associates intervene with our use of funds.

As of the Latest Practicable Date, there were no outstanding loans, advances or non-trade balances due to or from our Controlling Shareholders or their respective close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or their respective close associates has a material interest, our Controlling Shareholders or their respective close associate shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) we have established internal control mechanisms to identify connected transactions, where our Company will comply with the applicable Listing Rules including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and the conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the Controlling Shareholders 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 report or by way of announcements to the public;

(d) we have established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report in Appendix C1 to the Listing Rules. The majority of the members of the aforementioned committees are independent non-executive Directors;

(e) we have appointed Sunny Fortune Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance; and

(f) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company.