OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders, Tianjin Chuanyou Group and Yuan Miaoren, will be interested in [**REDACTED**]% and [**REDACTED**]% of the issued share capital of our Company, respectively, with an aggregate interest of [**REDACTED**]% in the issued share capital of our Company. Tianjin Chuanyou is beneficially owned as to approximately 79.78%, 16.00% and 4.22% of the partnership interests by Mr. He Tao (directly and indirectly through his controlled entities), Ms. Meng Zhe and Mr. He Weizhuang, respectively, of which Mr. He Tao and Mr. He Weizhuang held their interests in Tianjin Chuanyou through certain intermediate entities. Accordingly, the ultimate controlling shareholder of Tianjin Chuanyou Group is Mr. He Tao. Mr. He Tao also controls all of the votes of Yuan Miaoren in our Company. In addition, Ms. Meng Zhe and Mr. He Weizhuang are limited partners of Tianjin Chuanyou alongside its ultimate controlling shareholder, Mr. He Tao, and are therefore deemed to be part of the group of controlling shareholders. Accordingly, Tianjin Chuanyou Group, Yuan Miaoren, Mr. He Tao, Ms. Meng Zhe and Mr. He Weizhuang constitute the group of Controlling Shareholders of our Company.

As of the Latest Practicable Date, all the corporate entities in Tianjin Chuanyou Group were holding companies with no substantive business operations. Yuan Miaoren was a holding entity established for providing incentives to our senior management, core employees and other skilled personnel for their contributions to our Company. Our Directors believe that the activities conducted by our Controlling Shareholders do not and will not compete with the business of our Group.

For details of the background and shareholding information of our Controlling Shareholders, see "History and Corporate Structure – Our Structure Immediately Prior to the [**REDACTED**]". For details of the biography of the Mr. He Tao, see "Directors and Senior Management".

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Our business is managed and conducted by our Board and senior management. Both Mr. He Tao, the ultimate controlling shareholder of both Tianjin Chuanyou Group and Yuan Miaoren, and Mr. He Weizhuang, a shareholder of Tianjin Chuanyou Group, are our executive Directors.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of their fiduciary duties as a director which require, among others, that they act for the benefit and in the interest of our Company and do not allow any conflict between their duties as a Director and their personal interests;

(b) our daily management and operations 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;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is(are) obliged to declare and fully disclose such potential conflict of interest and shall abstain from attending and voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(e) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in the section headed "– Corporate Governance Measures".

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

Operational independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have an independent internal control and accounting system and also have an independent finance department responsible for discharging the treasury function.

We have sufficient capital to operate our business independently, and have adequate internal resources to support our daily operations and business. There will be no financial assistance, security and/or guarantee provided by our Directors, our Controlling Shareholders or their respective associates in our favor or vice versa (as the case may be) upon [**REDACTED**].

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

(a) under the Articles, where a Shareholders' meeting is held to consider proposed transactions in which our Controlling Shareholders or any of their associates is, under the Listing Rules, required to abstain, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted in respect of such transactions;

(b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [**REDACTED**];

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(e) 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 expense;

(f) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(g) we have established our audit committee, remuneration committee, and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

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