
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Company was held as to approximately 65.76% by Ms. Diao. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and [REDACTED] of the Unlisted Shares to the H Shares, Ms. Diao will control in aggregate approximately [REDACTED]% of the total issued share capital of our Company. Upon the [REDACTED], Ms. Diao will constitute our Controlling Shareholder.

For details of Ms. Diao, see "Directors and Senior Management — Board of Directors" in this Document.

COMPETING INTERESTS

Our Controlling Shareholder and Directors confirm that he/she does not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Having considered the following factors, our Directors are satisfied that our Group is capable of carrying on its business independently from our Controlling Shareholder and its close associates after the [REDACTED].

Management Independence

Our Group's business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of seven Directors comprising four executive Directors and three independent non-executive Directors. For more information, see "Directors and Senior Management." Our Directors consider that our Board and senior management of our Company are capable of functioning independently of our Controlling Shareholder for the following reasons:

- (i) our Group's daily management and operations are carried out by a senior management team, all of whom have substantial experiences in the industry in which our Company is engaged as detailed in "Directors and Senior Management," and will therefore be able to make business decisions that are in the best interest of our Group;
- (ii) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between his/her duties as a Director and his/her personal interests;
- (iii) our Company has three independent non-executive Directors and each independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and all of them 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 interest of our Company and the Shareholders as a whole;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

- (iv) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Controlling Shareholder or any of its close associates have a material interest, our Controlling Shareholder and its close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and
- (v) our Company has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholder which would support our Group's independent management. See " — Corporate Governance Measures" in this section for further information.

Based on the above, 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 our Group is capable of managing its business independently from our Controlling Shareholder after the [REDACTED].

Operational Independence

Our Group has full rights to make business decisions and to carry out its business independently from our Controlling Shareholder. Our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholder and its close associates after the [REDACTED] on the following grounds:

- (i) our Group has sufficient capital, facilities, equipment and employees to operate its business independently from our Controlling Shareholder;
- (ii) our Group has independent access to its customers and suppliers;
- (iii) our Group has its own administrative and corporate governance infrastructure, including its own accounting, legal and human resources departments; and
- (iv) our Controlling Shareholder or its close associates do have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that our Group is able to operate independently from our Controlling Shareholder.

Financial Independence

Our Group has independent internal control and accounting systems. Our Group also has an independent finance department responsible for discharging the financial management, accounting, reporting, funding and treasury function of our Group. Our Group is capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholder and its close associates.

As of the Latest Practicable Date, our Group did not have any outstanding loans granted or guaranteed by our Controlling Shareholder or its close associates to our Group.

Based on the above, our Directors are of the view that our Group is capable of carrying on its business independently from, and do not place undue reliance on, our Controlling Shareholder and its close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of the minority Shareholders.

Our Company has adopted, among others, the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholder:

- (i) where a Board meeting is to be held for considering matters in which any Director or his/her close associates have a material interest, the relevant Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholder or any of its close associates have a material interest, the relevant member(s) of our Controlling Shareholder or close associate(s) will not vote on the relevant resolutions;
- (iii) our Company has established internal control mechanisms to identify connected transactions and related party transactions. Upon the [REDACTED], if our Company enters into connected transactions or related party transactions with our Controlling Shareholder or any of its associates, our Company will comply with the applicable laws and regulations, including the Listing Rules;
- (iv) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholder and provide impartial and professional advice to protect the interests of the minority Shareholders;
- (v) our Company will disclose decisions on matters reviewed by our independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Listing Rules;
- (vi) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (vii) our Company has appointed CMBC International Capital Limited as the Compliance Advisor to provide advice and guidance to our Company in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (viii) our Company has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules.

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