OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to approximately 30.18% by Mr. Wang, approximately 4.29% by Ms. Wang and approximately 8.47% by Tianjin Yayi, respectively. Tianjin Yayi is a limited partnership established in the PRC, the general partner of which is Ms. Wang, holding 1% partnership interest in Tianjin Yayi. The only limited partner in Tianjin Yayi as of the Latest Practicable Date is Mr. Wang, holding 99% partnership interest in Tianjin Yayi. Mr. Wang and Ms. Wang are spouses. By virtue of aforementioned relationship, Mr. Wang and Ms. Wang and Tianjin Yayi are considered to be a group of Controlling Shareholders, collectively holding approximately 42.93% as of the Latest Practicable Date.

Upon completion of the [**REDACTED**] (assuming that [**REDACTED**] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan), Mr. Wang, Ms. Wang and Tianjin Yayi will be collectively interested in and control an aggregate of approximately [**REDACTED**]% of the total issued share capital of our Company. Accordingly, Mr. Wang, Ms. Wang and Tianjin Yayi remain as a group of Controlling Shareholders of our Company immediately upon the completion of the [**REDACTED**] (assuming that [**REDACTED**] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan).

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders and Directors confirms 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 SHAREHOLDERS

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

Management Independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Although Mr. Wang is an executive Director and Ms. Wang is a non-executive Director, and both of them are our Controlling Shareholders, our management and operational decisions are made by our Board and senior management, all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. Also, Mr. Wang and Ms. Wang have a track record of devoting sufficient time and energy to discharge their duties as our Directors and senior management and they will continue to focus on our Group's business. When performing their duties as Directors, they have been and will continue to be supported by the senior management team of the Group. The balance of power and authority is ensured by the operation of the senior management and our Board. See "Directors and Senior Management" for further details.

In addition, although Mr. Wang and Ms. Wang are our Controlling Shareholders, we consider that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his/her personal interests;

- three out of our seven Directors are independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board;

- our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates have a material interest and shall not be counted in the quorum present at the particular Board meeting; and

- we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures."

Based on the above, our Directors believe that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We have established our own organizational structure, with each department 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 are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. We have independent access to suppliers and customers. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We make financial decisions according to our own business needs.

During the Track Record Period, we have obtained certain bank loans which were secured by guarantees provided by Mr. Wang and/or Ms. Wang (the "**Controlling Shareholders' Guarantees**"). As of the Latest Practicable Date, all Controlling Shareholders' Guarantees had been discharged by the relevant banks.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

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. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director have a material interest in the company involved, and if the laws and regulations and the rules of the stock exchanges where our Shares are listed imposed any further restrictions on directors' attendance at board meetings and voting, such laws, regulation and rules shall be complied with;

- we have established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if we enter into connected transactions with any of our Controlling Shareholders or their respective associates, our Company will comply with the applicable Listing Rules;

- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in "Directors and Senior Management — Board of Directors — Independent Non-executive Directors;"

- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors 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 through our annual report or by way of announcements; and

- we have appointed Soochow Securities International 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.