
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Immediately following the completion the [REDACTED], the group of Controlling Shareholders (comprising Mr. Ma and the Employee Shareholding Platforms of which Mr. Ma is their respective general partner) will be, in aggregate, entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) and thus remain as a group of Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. Our executive Directors and senior management team are responsible for the day-to-day management of our operations.

Notwithstanding the roles of Mr. Ma in our Board and our senior management team, our Directors are of the view that our Company is able to function independently from the Controlling Shareholders for the following reasons:

- (a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by our 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) all of the independent non-executive Directors are independent of the Controlling Shareholders. Our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders as a whole;
- (d) where a Board meeting or Shareholders’ meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management, in accordance with our Articles, relevant corporate governance policies and the Listing Rules as well as other applicable rules, laws and regulations.

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

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Operational Independence

Our Company has full rights to make all decisions on and to carry out for our own business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses, and we have sufficient operational capacity in terms of capital and employees to operate independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

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

Financial Independence

Our Group has a finance center independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with Controlling Shareholders or any other entities controlled by them.

Our Group has sufficient capital to operate its business independently and has adequate internal resources and a strong credit profile to support its daily operations. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our group of Controlling Shareholders. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

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

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

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 between our Group and the Controlling Shareholders:

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

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- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders’ approval;
- (c) our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) 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 expenses; and
- (e) we have appointed Somerley Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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