

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders Group consisted of Mr. Liu, BQ Zhicheng, Buy Quickly Partner, Buy Quickly YIERYI, Mr. Hu and Mr. Qiu. Mr. Liu, Mr. Hu, Mr. Qiu, and Buy Quickly Partner were acting in concert under agreements, while BQ Zhicheng and Buy Quickly YIERYI were controlled by Mr. Liu. See “History, Development and Corporate Structure—The Concert Party Agreements” in this document for details.

In addition, as of the Latest Practicable Date, with our WVR Structure, our Controlling Shareholders Group was collectively interested in approximately 45.41 % of our total share capital and 73.29% of voting rights. The WVR Structure will be terminated immediately prior to the [REDACTED] and the voting right will align with the shareholding. See “History, Development and Corporate Structure—Our WVR Structure” in this document for details.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Controlling Shareholders Group will continue to control in aggregate approximately [REDACTED]% of our total share capital. Therefore, they will remain as a group of our controlling shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence:

- (a) Upon [REDACTED], our Board will comprise 11 Directors, including five executive Directors, two non-executive Directors and four independent non-executive Directors. Save for Mr. Liu and Mr. Qiu, our executive Directors, who are also members of our Controlling Shareholders Group, there is no overlap of directors and member of the senior management between our Company and our Controlling Shareholders Group.

Despite the overlapping roles of Mr. Liu and Mr. Qiu, we believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Controlling Shareholders Group for the following reasons:

- i. each of the Directors 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;
- ii. our daily management and operations decisions are collectively made by our Board and senior management team, all of whom have substantial experience in the industry and will therefore be able to make business decisions that are in the best interests of our Company;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- iii. 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 required to declare the nature of such interest before voting at the relevant Board meetings in respect of such transactions; and
- (b) we have appointed four independent non-executive Directors to provide a balance on our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view 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 interests of our Company and our Shareholders as a whole; and
- (c) we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Company and our Controlling Shareholders, which would support our independent management. See "—Corporate Governance" for further details.

Based on the above, our Directors are of the view that our Board, together with our senior management team, is able to perform its managerial roles in our Company independently from our Controlling Shareholders and their respective close associates (excluding our Company).

Operational Independence

Our Company is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technologies and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business.

We have our own organizational structure made up of individual functional departments, each with specific areas of responsibilities. We have not shared any operational resources, such as risk management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders and their respective close associates (excluding our Company).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principles and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Company).

As of the Latest Practicable Date, there were no outstanding loans, advances or balances due to our Controlling Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for the benefit of our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are of the view that our Company is able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Company).

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESS

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, he/it did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Company and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company;
- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Company and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- our Directors (including the independent non-executive Directors) will seek independent and professional advice from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent Shareholders' approval requirements (if applicable) under the Listing Rules;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event of any potential conflict of interests at the Shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions;
- our Controlling Shareholders have undertaken, and will continue to undertake, to provide all information reasonably required by our Company to enable compliance with the Listing Rules and applicable laws and regulations, including information relating to their interests in competing businesses, if any;
- our Company has adopted information management and reporting procedures to ensure that price-sensitive and confidential information relating to our Company is handled appropriately and is not improperly shared with our Controlling Shareholders or their close associates; and
- we have appointed Maxa Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including matters relating to corporate governance, connected transactions and disclosure obligations.

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