OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Liu and Ms. Yu, in aggregate, had beneficial interests representing approximately 45.35% of the total issued Shares, comprising (i) Shares representing approximately 31.71% of the total number of Shares in issue held by ShanHuiShou BVI, which is wholly owned by Mr. Liu; (ii) Shares representing approximately 10.72% of the total number of Shares in issue held by MGY Wisdom BVI, which is owned as to 80% and 20% by ShanHuiShou BVI and MGY Alliance BVI, respectively; and (iii) Shares representing approximately 2.92% of the total number of Shares in issue held by MGY Alliance BVI, which is wholly owned by Ms. Yu.

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account the Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), Mr. Liu and Ms. Yu, in aggregate, will have beneficial interests representing [**REDACTED**]% of the total issued Shares, comprising (i) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by ShanHuiShou BVI; (ii) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by MGY Wisdom BVI; and (iii) Shares representing approximately [**REDACTED**]% of the total number of Shares in issue held by MGY Alliance BVI. Pursuant to the Guide, Mr. Liu and Ms. Yu are presumed to be a group of controlling shareholders by virtue of their shareholdings through MGY Wisdom BVI. Accordingly, Mr. Liu and Ms. Yu, together with ShanHuiShou BVI, MGY Wisdom BVI and MGY Alliance BVI, will be our Controlling Shareholders upon the completion of the [**REDACTED**].

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders and Directors confirms that he/she/it 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 Hong Kong Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Operational independence

We have established our own organizational structure with individual departments, each with specific areas of responsibilities. We have not shared our operational resources, such as suppliers, customers, marketing and sales and general administration resources with our Controlling Shareholders and/or their respective close associates. We hold all the relevant material licences, qualifications, intellectual properties and permits necessary for operating our business and have sufficient capital, equipment, facilities and employees to operate our business independently of our Controlling Shareholders. There was no business transaction between our Group on one hand and our Controlling Shareholders and/or their respective close associates on the other hand during the Track Record Period. Having considered the above, our Directors consider that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Management independence

We aim at establishing and maintaining an effective and independent Board to oversee our business. The main functions of our Board include the approval of our overall business plans and strategies, monitoring the implementation of these plans and strategies and the management of our

Company. We have an independent management team comprising our executive Directors and a team of senior management with extensive experience and expertise in our business. Our Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors.

Although Mr. Liu and Ms. Yu, our executive Directors, are our Controlling Shareholders, our daily operational and management decisions are made collectively by our executive Directors and senior management. Each Director is aware of his/her fiduciary duties as a director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. 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 and/or their respective close associates, the interested Director(s) and his/her/their respective close associates shall abstain from voting at the relevant board meetings of our Company in respect of such transactions. Our independent non-executive Directors have been appointed in compliance with the requirements under the Listing Rules to ensure that the decisions of our Board will be made only after due and careful consideration of independent and impartial opinions. Our Directors believe that the presence of non-executive and independent non-executive Directors provides a balance of views and opinions and will bring independent judgement to the decision-making process of our Board. Having considered the above factors, our Directors are of the view that our Group would be capable of managing its business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. 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 function of our Company, which is independent from our Controlling Shareholders and their respective close associates. We are able to make financial decisions independently and our Controlling Shareholders and their respective close associates do not intervene with our use of funds.

Our Directors believe that we have sufficient capital to operate our business independently. During the Track Record Period, our Group primarily relied on cash generated from operations as well as bank borrowings to carry on our business. We believe we will continue to have sufficient capital to operate our business independently and have adequate internal resources and a strong credit profile to obtain financing from Independent Third Parties to support our daily operations without reliance on our Controlling Shareholders or their respective close associates after the [**REDACTED**]. As of the Latest Practicable Date, Mr. Liu, being one of our Controlling Shareholders and an executive Director, and Ms. Ao Huili (敖慧麗), being the spouse of Mr. Liu, provided personal guarantees (the "**Guarantees**") for certain bank loans of our Group, please refer to note 19 to the Accountants' Report in Appendix I to this document for further details. Our Directors expect that the Guarantees will be released, either pursuant to the agreement with the relevant banks or by repayment of the relevant bank loans with our Group's internal resources, on or before the [**REDACTED**]. Save as disclosed above, our Directors are of the view that our Group is financially independent from our Controlling Shareholders or their respective associates in our Group's business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

Having considered the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(a) 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 provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from our board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;

(c) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element in our Board which can effectively exercise independent judgment. Our Company [has appointed] three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, 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 impartial and professional advice to protect the interests of the minority Shareholders;

(d) our Company has appointed Zero2IPO Capital Limited as our compliance advisor, which will provide advice and guidance to our Company in respect of compliance with applicable laws and the Listing Rules including various requirements relating to directors' duties and internal control;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions which have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) in the event that our independent non-executive Directors shall review any conflict of interests between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors.

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