OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang Gang and Mr. Zhang Quan, our Controlling Shareholders, by virtue of the acting-in-concert arrangement, are entitled to exercise or control the exercise of an aggregate of 32.43% voting rights at the general meeting of our Company. Immediately after completion of the [REDACTED], our Controlling Shareholders, by virtue of the acting-in-concert arrangement, will be entitled to exercise or control the exercise of an aggregate of [REDACTED]% voting rights at the general meeting of our Company. Therefore, immediately after completion of the [REDACTED], Mr. Wang Gang and Mr. Zhang Quan will cease to be our controlling shareholders (as defined under the Listing Rules), but become the single largest group of Shareholders of our Company.

On May 18, 2022, Mr. Wang Gang and Mr. Zhang Quan entered into an acting-in-concert agreement, pursuant to which they have agreed and confirmed that they would act in concert on (i) any matters that are subject to approval by the Board and the Shareholders pursuant to the PRC laws and the Articles of Association; (ii) the shareholders' rights of proposals and nomination; and (iii) any other matters that are subject to the voting rights of the Directors and the Shareholders.

OTHER BUSINESS OR INTEREST OF OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the [REDACTED]:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of five executive Directors, one non-executive Director and three independent non-executive Directors. See "Directors and Senior Management" in this document for details. Each of our Controlling Shareholders is our executive Director.

Our Directors believe that our Board and senior management have been and will continue to be able to independently manage our business and function independently from our Controlling Shareholders based on the following grounds:

(i) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest;

(ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(iii) our daily management and operations are carried out by our executive Directors and our senior management team. Other than our Controlling Shareholders, the other executive Directors and senior management are independent from our Controlling Shareholders and have substantial experience in the industry in which our Company is engaged and/or business management in general, and will therefore be able to make business decisions that are in the best interest of our Group;

(iv) we have three independent non-executive Directors who have extensive experience in different professions. They have been appointed to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; and

(v) 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" in this section.

Having considered the above factors, our Directors are satisfied that our Board together with the senior management team as a whole is able to perform their roles independently from our Controlling Shareholders and close associates after the [REDACTED].

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates, including:

(i) we have established its own organizational structure, which comprises individual departments and each department has its own administrative and corporate governance infrastructure;

(ii) we hold all of the relevant licenses and intellectual property rights material to our business operation and has sufficient capital, facilities, equipment and employees to operate our business independently;

(iii) our Controlling Shareholders have no interest in any of our top five suppliers and customers. We do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers and customers; and

(iv) we have established a set of internal control procedures to facilitate the effective operation of our business independent from our Controlling Shareholders.

Having considered the above factors, our Directors are of the view that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial, internal control and accounting system. We make financial decisions according to our own business needs. We also have an independent finance department responsible for discharging the treasury function, and the Audit Committee to oversee our accounting and financial reporting processes. We have sufficient capital to operate our business independently, and has adequate internal resources and a strong credit profile to support our daily operations. As of the Latest Practicable Date, we have received series of [REDACTED] Investors from Independent Third Party investors for, among others, the development and operation of our principal business and other general working capital purposes. During the Track Record Period, our Group obtained certain banking facilities where our Controlling Shareholders, namely Mr. Wang Gang and Mr. Zhang Quan, provided personal guarantees which either had been released as of the Latest Practicable Date or are expected to be released and replaced by a corporate guarantee to be given by us before the [REDACTED]. See note 37(e) to the Accountants' Report in Appendix I to this document for more information.

Other than the above, our source of funding and our finances are independent from our Controlling Shareholders and none of our Controlling Shareholders and their respective close associates financed our operations during the Track Record Period. Our Directors confirm that our Group does not intend to obtain any further borrowing, guarantees, pledges and mortgages from any of our Controlling Shareholders or their respective close associates. Having considered the above factors, our Directors are of the view that we have no financial dependence on our Controlling Shareholders.

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 have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

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

(b) our Company has established internal control mechanism to identify connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions under the Listing Rules if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the 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 independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(e) we have appointed Altus Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(f) we have established the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(g) our Controlling Shareholders will confirm the status of their non-competing interest (if any) on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(h) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.