OUR CONTROLLING SHAREHOLDERS

Pursuant to an acting-in-concert agreement dated November 22, 2022 (the "**AIC Agreement**"), entered into by Ms. Zhang and Mr. Zhang Guohong (together, the "**Concert Parties**"), the Concert Parties confirmed that they have acted in concert in the management and operation of our Company since the date of the AIC Agreement, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the meeting of the Board and the general meeting of the Shareholders of our Company for voting.

Immediately prior to the **[REDACTED]**, the Concert Parties were collectively interested in approximately 91.40% of our total issued share capital, comprising:

(i) 4.97% of our total issued share capital directly held by Ms. Zhang;

(ii) 79.76% of our total issued share capital controlled by Ms. Zhang through Jiangsu BBL Holdings;

(iii) 2.49% of our total issued share capital controlled by Ms. Zhang through the Employee Shareholding Platforms (i.e., Shanghai Rui Ning Ze and Shanghai Chong Er Chang), with Ms. Zhang acting as the general partner; and

(iv) 3.99% and 0.19% of our total issued share capital, controlled by Ms. Zhang through Shanghai De He Chang and Ningbo Sichang, respectively. Ningbo Sichang is owned as to approximately 94.19% by Changzhou Sichang, which is the shareholding platform of the Concert Parties.

Therefore, the Concert Parties, Jiangsu BBL Holdings, Shanghai Rui Ning Ze, Shanghai Chong Er Chang, Shanghai De He Chang, Ningbo Sichang and Changzhou Sichang are considered as a group of Controlling Shareholders of our Company for the purpose of the Listing Rules immediately prior to the **[REDACTED]**. For details of the AIC Agreement and the shareholding of our Controlling Shareholders, see "History, Development and Corporate Structure — Acting in Concert Agreement" and "Substantial Shareholders" in this document.

Ms. Zhang is the founder of our Group, chairwoman of the Board, executive Director and chief executive officer. Mr. Zhang Guohong, being Ms. Zhang's brother, serves as the executive Director and deputy general manager of our Company. For background of Ms. Zhang and Mr. Zhang Guohong, see "Directors and Senior Management" in this document.

Immediately following the completion of the **[REDACTED]** assuming the **[REDACTED]** is not exercised, the Controlling Shareholders will together control approximately **[REDACTED]**% of our total issued share capital. Accordingly, the Controlling Shareholders will remain as a group of Controlling Shareholders of the Company upon the **[REDACTED]**.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Group, 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.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS GROUP

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

Management Independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Although Ms. Zhang and Mr. Zhang Guohong are our Controlling Shareholders, we believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations: (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 or her duties as a Director and his/her personal interest; (b) the day-to-day management and operations of our Group are carried out by a senior management team, all of whom have substantial experience in the industry in which our Group is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the background of management, see "Directors and Senior Management" in this document; (c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board; (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting 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 our Controlling Shareholders, which would support our independent management. For further details, see "— Corporate Governance Measures" in this section.

Based on the above, we believe that our Board and senior management as a whole are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or our company secretarial functions. We have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have access to third parties independently from and not connected to our Controlling Shareholders for sources of suppliers and customers.

Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders and their close associates, and our Group is able to operate independent from our Controlling Shareholders after the **[REDACTED]**.

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 functions of the Company, independent from the Controlling Shareholders. We are able to make financial decisions independently and the Controlling Shareholders and their respective close associates do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

In addition, we are capable of obtaining financing from third parties at reasonable costs without relying on any guarantee or security provided by the Controlling Shareholders or their close associates. We do not expect to rely on our Controlling Shareholders or their respective close associates for financing after the **[REDACTED]**, as we expect that our working capital will be funded by cash flows generated from operating activities, cash and cash equivalents on hand, internally generated funds, and the **[REDACTED]** from the **[REDACTED]**. As of Latest Practicable Date, our Company had certain amounts due to Changzhou Sichang, which are expected to be fully settled prior to the **[REDACTED]**. See Note 33 to the Accountants' Report included in Appendix I to this document.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on the Controlling Shareholders and their respective close associates after the **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our 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; (b) the Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if the Company enters into connected transactions with the Controlling Shareholders or any of their respective associates, the Company will comply with the applicable Listing Rules; (c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with more than one-third of independent non-executive Directors 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 roles. They will review whether there is any conflict of interests between our Group and our Controlling Shareholder and provide impartial and professional advice to protect the interest of our minority Shareholders; (d) where the advice from an independent professional, such as that from financial or legal adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; (e) we have appointed Alliance Capital Partners 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 conflict of interests that may arise between our Group and the Controlling Shareholders, and to protect the interest of our Shareholders, in particular, the minority Shareholders after the **[REDACTED]**.