OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, an executive Director, the chairman of our Board and the general manager of our Company, and his spouse Ms. Huang, an executive Director, directly held 21,718,940 and 2,536,770 A Shares, accounting for approximately 15.39% and 1.80% of the issued share capital of our Company, respectively. Mr. Zhang and Ms. Huang thus constitute the Single Largest Group of Shareholders. Mr. Zhang and Ms. Huang, together, were interested in 24,255,710 A Shares, accounting for 17.19% of the issued share capital of our Company.

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhang and Ms. Huang, together, will be interested in approximately [REDACTED]% of the total issued share capital of our Company.

For further information about Mr. Zhang and Ms. Huang, see "Directors and Senior Management" in this Document.

INTERESTS OF THE SINGLE LARGEST GROUP OF SHAREHOLDERS AND OUR DIRECTORS IN OTHER BUSINESS OR COMPETING BUSINESS

Our Single Largest Group of Shareholders and our Directors confirmed that as of the Latest Practicable Date, they did 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 business, which would require disclosure under Rule 8.10 of the Listing Rules.

Mr. Zhang has been a director of Guangzhou Hummingbird Sensing Technology Co., Ltd. (廣州蜂鳥傳感科技有限公司) ("**Guangzhou Hummingbird**") since July 2021 and a director of A Genius Technology (Guangzhou) Co., Ltd. (奥感微(廣州)科技有限公司) ("**A Genius Technology**") since November 2023.

Guangzhou Hummingbird is primarily engaged in the design, production and sales of IC chips, a business segment upstreaming to ours. As of the Latest Practicable Date, (i) our Company held 49% equity interest in Guangzhou Hummingbird while Mr. Zhang and his close associates did not hold any equity interest in Guangzhou Hummingbird other than through our Company; and (ii) its board of directors consisted of Mr. Zhang and other two directors who are not associates of Mr. Zhang. As a result, Mr. Zhang's directorship in Guangzhou Hummingbird does not constitute an interest in a 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.

A Genius Technology is primarily engaged in the design, R&D, production and sales of consumer AI pets, which is different from our main business. As of the Latest Practicable Date, (i) our Company held approximately 45% equity interest in A Genius Technology while Mr. Zhang and his close associates did not hold any equity interest in A Genius Technology other than through our Company; and (ii) its board of directors consisted of Mr. Zhang and other two directors who are not associates of Mr. Zhang. As a result, Mr. Zhang's directorship in A Genius Technology does not constitute an interest in a 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.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their respective close associates after the [REDACTED] for the following reasons:

Management Independence

Our Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors. Save for Mr. Zhang and Ms. Huang being members of the Single Largest Group of Shareholders, there is no overlap of directors and members of the senior management between our Company and our Single Largest Group of Shareholders and their respective close associates.

Despite the overlapping roles assumed by Mr. Zhang and Ms. Huang as mentioned above, when performing their duties in our Company, Mr. Zhang and Ms. Huang have been and will continue to be supported by the separate and independent Board which comprises six other Board members including three independent non-executive Directors. We believe that our Board is able to perform its roles in our Company independently and that our Company is capable of managing our business independently from the Single Largest Group of Shareholders and their respective close associates.

Each of our 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 best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests. In the event that there is an actual or potential conflict of interest arising out of any transaction to be entered into between our Company and any of the Directors or their respective close 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. We have also adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and the Single Largest Group of Shareholders which would support our independent management.

In addition, our Board comprises three independent non-executive Directors representing more than one-third of the members of our Board. Our independent non-executive Directors have extensive experiences in corporate management and governance, and they are appointed to ensure that our Board will only make decisions after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to our independent non-executive Directors for review.

Based on the reasons above, our Directors are of the view that our Company is capable of managing our business independently from our Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Our Group is not operationally dependent on the Single Largest Group of Shareholders. We do not rely on our Single Largest Group of Shareholders and their close associates for our business development, staffing, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specialising in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. Our Group (by itself and through our subsidiaries) holds all material licences and owns all relevant intellectual properties and facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from the Single Largest Group of Shareholders. We also have independent access to our suppliers and customers. Based on the above, our Directors believe that we are able to operate independently from the Single Largest Group of Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the [REDACTED] from the [REDACTED]. In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by the Single Largest Group of Shareholders or their respective associates. As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by or granted to the Single Largest Group of Shareholders or their respective associates.

In view of our Group's internal resources and the estimated [REDACTED] from the [REDACTED], our Directors consider that our Group will have sufficient capital for its financial needs. Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on the Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognise the importance of implementing good corporate governance and effective internal control measures 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 Single Largest Group of Shareholders and their respective close associates:

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

(b) our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(c) our Company will establish internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Group enters into connected transactions with our Single Largest Group of Shareholders or any of their respective associates, we will comply with the applicable Listing Rules;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgement in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors and Senior Management" for details of the independent non-executive Directors;

(e) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company's expenses; and

(f) we have appointed Innovax Capital Limited as our Compliance Advisor to provide us with advice and guidance 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 Single Largest Group of Shareholders, and to protect minority Shareholders' interests after [REDACTED].