
RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. Chen controlled approximately 25.70% of the voting rights of the Company through (i) Jizhong Chuangxin, a limited partnership established under the laws of the PRC of which Mr. Chen was the general partner, holding 13.72% of our total issued share capital; and (ii) Haohong Xinqin, a limited partnership established under the laws of the PRC of which Mr. Chen was the general partner, holding 11.98% of our total issued share capital. Jiaxing Jiqian I, Jiaxing Jiqian II, Jiaxing Jikun, Jiaxing Jicheng, Jiaxing Jitong, being the limited partners of Jizhong Chuangxin, and Jiaxing Haozai, Jiaxing Haoquan, Jiaxing Haoru, Jiaxing Haoqi and Jiaxing Haoyu being the limited partners of Haohong Xinqin, are indirect employee incentive platforms of our Company, each managed by Mr. Chen as their respective general partner. Consequently, Mr. Chen and his controlled entities (Jizhong Chuangxin, Haohong Xinqin, Jiaxing Jiqian I, Jiaxing Jiqian II, Jiaxing Jikun, Jiaxing Jicheng, Jiaxing Jitong, Jiaxing Haozai, Jiaxing Haoquan, Jiaxing Haoru, Jiaxing Haoqi and Jiaxing Haoyu) constitute our Single Largest Group of Shareholders, and were collectively entitled to exercise the voting rights attached to approximately 25.70% of our total issued share capital as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Single Largest Group of Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and/or their close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by the Board and senior management. Our Board consists of two executive Directors, two non-executive Directors and three independent non-executive Directors. Save for Mr. Chen, none of our Directors or members of senior management is a member of our Single Largest Group of Shareholders. For more information, see “Directors, Supervisor and Senior Management.” Our Directors have relevant experience to ensure the proper functioning of the Board. We believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Group of Shareholders and/or their close associates for the following reasons:

- (i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;
- (ii) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, and no single Director is able to make any decisions unless authorized by the Board;

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- (iii) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position with our Single Largest Group of Shareholders and/or their respective close associates. All of our three independent non-executive Directors are independent of our Single Largest Group of Shareholders and/or their respective close associates and have extensive experience in their respective areas of expertise. All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions; and
- (iv) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting at the relevant Board meetings of our Company in respect of such transactions.

Operational Independence

We are in possession of all technology relating to our Group's business and have obtained relevant requisite qualifications and approvals for conducting all our business. We have independent access to customers and suppliers and, therefore, are not dependent on our Single Largest Group of Shareholders and/or their respective close associates for any significant amount of our revenue, R&D, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Single Largest Group of Shareholders and/or their respective close associates. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, R&D, sales and marketing.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Single Largest Group of Shareholders and their respective close associates, as well as a sound and independent financial system. Our Company maintains bank accounts independently and does not share any bank account with our Single Largest Group of Shareholders and their respective close associates. Our Company makes tax registration and pays tax independently with its own funds.

During the Track Record Period and as of the Latest Practicable Date, there were no loans, advances and balances due to and from and guarantees provided by our Single Largest Group of Shareholders and/or their close associates. Further, there is no security over assets and guarantees provided by our Single Largest Group of Shareholders and/or their close associates in relation to loans made by our Group. We are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Group of Shareholders and/or their close associates.

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CORPORATE GOVERNANCE MEASURES

Upon [REDACTED], save as disclosed in “Directors, Supervisor and Senior Management — Corporate Governance Code,” we will comply with all other provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in the 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 Single Largest Group of Shareholders and/or their respective close associates:

- (i) where a Board meeting is held for the matters in which any Directors has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any member of our Single Largest Group of Shareholders or any of their close associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules;
- (iii) where a Shareholders’ meeting is to be held for considering proposed transactions in which any member of our Single Largest Group of Shareholders or any of their associates has a material interest, the relevant member in our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (iv) our independent non-executive Directors will provide impartial and professional advice to protect the interests of our minority Shareholders;
- (v) we have established our 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 in Appendix C1 to the Listing Rules;
- (vi) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (vii) we have appointed Maxa Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors’ duties and internal controls.