OUR SINGLE LARGEST SHAREHOLDERS

Mr. Deng, directly and indirectly through Enya Investment, Qingtuan Investment, Datuanzi Investment and Qingtuanyun, is entitled to exercise approximately 35.21% of the voting rights in the Company as of the Latest Practicable Date, and approximately [REDACTED]% of the voting rights in the Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). As Mr. Deng's voting rights will fall below 30% upon the completion of the [REDACTED], Mr. Deng, Enya Investment, Qingtuan Investment, Datuanzi Investment and Qingtuanyun will not be regarded as our controlling shareholders under the Listing Rules, but will remain as our Single Largest Shareholders. For further details of Mr. Deng, please refer to the section headed "Directors and Senior Management", and for details of the shareholding interests of our Single Largest Shareholders, please refer to the section headed "Substantial Shareholders".

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS

As of the Latest Practicable Date, our Single Largest Shareholders confirmed that they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules. Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our group of Single Largest Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Although Mr. Deng, one of our Single Largest Shareholders, also serves as our executive Director and senior management, our Directors believe that our Board and senior management will function independently from our Single Largest Shareholders for the following reasons:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of 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 interests;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company 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;

(c) our Board comprises nine Directors, and three of them are independent non-executive Directors, which represents one third of the members of our Board. Our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; and

(d) other members of our senior management are independent from our Single Largest Shareholders. They are experienced in the industry which we are engaged in. Accordingly, they are able to discharge their duties independently from our Single Largest Shareholders.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Director are of the view that we are capable of managing our business independently from our Single Largest Shareholders following the completion of the [REDACTED].

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through itself and 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 Single Largest Shareholders. We have access to third parties independently from and not connected to our Single Largest Shareholders for sources of suppliers and customers.

Based on the above, our Directors believe that we will be able to operate independently from our Single Largest Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Single Largest Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by Single Largest Shareholders or their close associates.

During the Track Record Period, certain loans our Group were secured by the guarantees provided by Mr. Deng and his associates. Please refer to Note 21 to the Accountant's Report as set out in Appendix I to this document for details. As of the Latest Practicable Date, the relevant banks have given its consent in principle to release such guarantees provided before the [REDACTED]. Save as disclosed above, there were no other outstanding guarantees provided for our benefit by our Single Largest Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Single Largest Shareholders and their 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 conflicts of interests between our Group and our Single Largest Shareholders:

(a) our Articles provide 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 or 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 the board meetings on matters in which such Director or his or her associates have a material interest, unless attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of our independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, please see "Directors and Senior Management";

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

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(f) 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

(g) we have appointed Ignite Capital (Asia Pacific) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong, as well as 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 that may arise between our Group and our Single Largest Shareholders, and to protect our minority Shareholders' interests after the [REDACTED].