OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Chen, Ms. Li, and Guangzhou Haoyute will, in aggregate, control approximately **[REDACTED]**% of the voting rights attached to the Shares entitled to vote at the general meetings of our Company. Guangzhou Haoyute is owned as to 80% by Mr. Chen and 20% by Ms. Li, with Mr. Chen serving as its general partner. Mr. Chen and Ms. Li are spouses. Accordingly, Mr. Chen, Ms. Li, and Guangzhou Haoyute are a group of our Controlling Shareholders and will remain so immediately following the **[REDACTED]**.

Information on Other Companies Owned by Our Controlling Shareholders

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Company is capable of carrying on its business independently from our Controlling Shareholders and/or their respective associates after the **[REDACTED]**, having taken into consideration the following factors:

Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Company's business. Our Board's main function includes the approval of the overall business plans and strategies of our Company, monitoring the implementation of these policies and strategies and the management of our Company. We have an independent management team which is led by a team of senior management with experience and expertise in our business to implement our policies and strategies.

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for details in this document.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a). Each of our Directors is aware of his/her fiduciary duties as a Director which requires, 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/her duties as a Director and his/her personal interest.

(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 and shall not be counted in the quorum;

(c). Our Company has also appointed three independent non-executive Directors with a view to bringing independent judgement to the decision-making process of our Board; and

(d). our Company has 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" in this section for details.

In light of the above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Company is capable of managing its business independently from our Controlling Shareholders after the **[REDACTED]**.

Operational independence

Our Company has established our own organizational structure comprising individual departments, each with specific areas of responsibilities. We have established our own suppliers and customer bases. We hold all relevant licenses and assets necessary to operate our business, and have sufficient capital and employees to operate our business independently.

Financial independence

We have independent accounting systems and financial management system. We have an independent finance department responsible for financial control, accounting, report, group credit, internal control and discharging the treasury function, independent from our Controlling Shareholders. We are able to make financial decisions independently and our Controlling Shareholders do not intervene with our financial matters.

As of Latest Practicable Date, our Group had outstanding loans in the amount of RMB316,851,559.02 subject to guarantees and/or collateral given to the bank by our Controlling Shareholders and their respective associates (including Mr. Li Lingzhi, our executive Director). Our Directors confirm that all such guarantees provided by our Controlling Shareholders or their respective associates will be released prior to the **[REDACTED]**.

In light of the above, our Directors are of the view that our Company does not unduly rely on our Controlling Shareholders and/or their respective associates, and our Company is considered independent in all material aspects including finance, management and operations of our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Company and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(a). where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective 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 mechanisms to identify connected transactions. Upon the **[REDACTED]**, if any transaction is proposed between our Company and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(c). our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board 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 duties. They will review whether there is any conflict of interests between our Company and our 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 financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(e). we have appointed Quam Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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 Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.