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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

As at the Latest Practicable Date, our Company was owned approximately (i) as to 34.9% by Mr. Long, 6.5% by Mr. Wang, and 3.2% by Mr. Ai; (ii) as to 6.6% by Longxin Tianxia I, 1.5% by Longxin Tianxia II, 1.2% by Longxin Tianxia III and 1.0% by Longxin Tianxia IV, with Mr. Long being the executive partner of each of them who acts as the representative of the partnership in external affairs and daily operation; and (iii) as to 7.4% by Shenzhen Xingangtong, the executive partner of which was Huo Yue Zai Yuan (Shanghai) Enterprise Management Co., Ltd. (或躍在淵(上海)企業管理有限公司) which was owned as to 99.0% by Mr. Long. On 18 February 2022, Mr. Long, Mr. Wang and Mr. Ai have entered into the Concert Party Agreement, pursuant to which they agreed, among other things, to act in concert in respect of the decision making relating to the business operation and corporate governance of our Company and reach consensus before voting unanimously at the general meetings of our Company. Accordingly, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), Mr. Long, Mr. Wang, Mr. Ai, Longxin Tianxia I, Longxin Tianxia II, Longxin Tianxia III, Longxin Tianxia IV and Shenzhen Xingangtong will collectively be entitled to exercise approximately [REDACTED]% of the voting power at general meetings of our Company, and thus together constitute a group of our Controlling Shareholders under the Listing Rules upon [REDACTED]. Please refer to the paragraph headed “History, Development and Corporate Structure — Corporate Development — 12. Concert Party Agreement” for details of the Concert Party Agreement and the paragraph headed “History, Development and Corporate Structure — Corporate Structure” for details of our shareholding structure immediately before and after the [REDACTED].

Mr. Long is the chairman of our Board and an executive Director. Mr. Wang and Mr. Ai are our executive Directors. Please refer to the section headed “Directors and Senior Management” for biographical information of Mr. Long, Mr. Wang and Mr. Ai.

### INTERESTS IN COMPETING BUSINESS

Our Controlling Shareholders and Directors confirm that, as of the Latest Practicable Date, they did not have a business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors consider that our Group is capable of carrying on our Group’s business independently from our Controlling Shareholders and their close associates after the [REDACTED].

#### Management Independence

Our management and operational decisions are made by our Board and senior management. Our Board consists of three executive Directors, two non-executive Directors and three independent non-executive Directors which represents more than one-third of the members of our Board. This is in line with current best practice in relation to corporate governance in Hong Kong. Save for Mr. Long, Mr. Wang and Mr. Ai who are our Controlling Shareholders, all other Directors and other members of our senior management team are independent of our Controlling Shareholders and have extensive experience in the industry in which we are engaged and/or corporate management and governance, and they are appointed to ensure that our Board will only make decisions after due consideration of

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independent and impartial opinions. The balance of power and authority is ensured by the operation of the senior management and our Board. Nevertheless, we consider that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

- (a) all our senior management members are independent from our Controlling Shareholders. Our Group has established our own management, finance, human resources and administration departments which are responsible for the daily operations of our Group;
- (b) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interest of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associate, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted towards the quorum for the voting;
- (c) we have three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole. The independent non-executive Directors will give their independent opinions to our Shareholders on the relevant connected transaction(s), if any, pursuant to the Listing Rules. The independent non-executive Directors will be entitled to engage professional advisors at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Group and our Controlling Shareholders or their respective close associates;
- (d) 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 details, please refer to the paragraph headed “Corporate Governance Measures” below in this section.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders and their close associates after the [REDACTED].

### **Operational Independence**

We do not share operation team, facilities and equipment with our Controlling Shareholders and their close associates. Our Group has also established a set of internal control measures to facilitate the effective operations of our business. Our Group does not rely on our Controlling Shareholders or their respective close associates and have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their close associates. As such, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their respective close associates.

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### Financial Independence

We have an independent financial system and make financial decisions according to our own business needs and neither our Controlling Shareholders nor their respective 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.

During the Track Record Period, certain bank borrowings were secured by personal guarantees of Mr. Long, one of our Controlling Shareholders. Please refer to Note 25 of the Accountants’ Report set out in Appendix I to this document for further details. All of the above guarantees provided to our Group will be released upon [REDACTED]. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Based on the above, our Directors are of the view that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from the financial perspective, and are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

### DEED OF NON-COMPETITION

#### I. Non-Competition

On [•], each of our Controlling Shareholders, as covenantor (each a “**Covenantor**”, and collectively the “**Covenantors**”), executed the Deed of Non-competition in favor of our Company, pursuant to which each of the Covenantors undertakes that, from the date of the Deed of Non-competition and ending on the occurrence of the earliest of (i) the date on which any of the Covenantors ceases to hold directly or indirectly in aggregate 30% or more of the entire issued share capital, or otherwise ceases to a Controlling Shareholder of our Company; or (ii) the date on which our Shares cease to be [REDACTED] and traded on the Main Board of the Stock Exchange (other than suspension of trading of our Shares for any other reason) (the “**Restricted Period**”), he or it will not, and will use his or its best endeavors to procure any Covenantor, his or its associates and any company directly or indirectly controlled by the Covenantor not to:

- (a) carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with or is likely to be in competition, directly or indirectly, with the business which is presently or may be carried on by any member of our Group from time to time (the “**Restricted Business**”), whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise and whether for profit, reward or otherwise;
- (b) take any action which interferes with or disrupts or may interfere with or disrupt with the business presently carried on by any member of our Group or any other business that may be carried on by any member of our Group including, but not limited to, solicitation of any of the then current customers, suppliers or employees of any member of our Group;
- (c) at any time employ any person who has been a director, manager or employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to our Group’s business without prior written consent from our Company; or

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- (d) exploit his or its knowledge or information obtained from our Group to compete directly or indirectly with the Restricted Business,

on the condition that none of the clauses in the Deed of Non-competition shall preclude the Covenantors from having any interest in any company engaging in any Restricted Business (the “**Subject Company**”) where: (i) the Covenantors hold not more than 5% of the entire issued shares or stock of any class or debentures of the Subject Company which is or whose holding company is listed on any recognized exchange (as defined under the SFO); or (ii) any Restricted Business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for not more than 5% of the Subject Company’s consolidated turnover or consolidated assets, as shown in the Subject Company’s latest audited financial statements provided that (i) there is a holder (together where appropriate, with its close associates) with a larger shareholding in the Subject Company than the aggregate shareholding held by the Covenantors and/or their respective close associates at all times and (ii) the total number of the Covenantors’ representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to their shareholding in the Subject Company.

Each of the Covenantors also undertakes that the principal terms by which he or it (or their respective close associates) subsequently invests, participates, engages in or operates the Restricted Business are no more favorable than those offered to the members of our Group.

Each of the Covenantors has confirmed to our Company that neither he or it nor any of his or its close associates and/or companies controlled by him or it (other than members of our Group) currently own, operate, participate, invest in or carry on, directly or indirectly, whether as a director, shareholder, partner, agent or otherwise, whether for profit, reward or otherwise, the Restricted Business otherwise than through our Group.

### II. New business opportunities

Pursuant to the Deed of Non-competition, should there be any new business opportunity (the “**New Business Opportunity**”), the Covenantors shall refer the New Business Opportunity to us in the following manner:

- (a) as soon as he or it becomes aware of any New Business Opportunity, he or it shall and shall procure that his or its close associates (excluding members of our Group) give written notice (the “**Offer Notice**”) to our Company within 7 days identifying the target company and the nature of the New Business Opportunity, detailing all information available to him or it for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to him or it).
- (b) our Company is required to seek approval from our Board or a board committee (in each case comprising, among others, independent non-executive Directors) who do not have a material interest in the New Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the New Business Opportunity. Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such New Business Opportunity.

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- (c) the Independent Board shall consider the financial impact of pursuing the New Business Opportunity offered, whether the nature of the New Business Opportunity is consistent with our Group's strategies and development plans, the general market conditions in the Restricted Business's industry and any advice from independent financial advisers, should the appointment of which be deemed necessary by the Independent Board.
- (d) the Independent Board shall, within 30 days of receipt of the Offer Notice, notify the relevant Covenantor in writing of its intention to pursue or decline the New Business Opportunity.
- (e) the relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested in the New Business Opportunity on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if he or it has received a written notice from the Independent Board declining the New Business Opportunity.
- (f) if there is any material change in the nature, terms or conditions of the New Business Opportunity pursued by the relevant Covenantor, he or it shall refer the New Business Opportunity as revised and shall provide to the Company details of all available information for the Company to consider whether to pursue the New Business Opportunity as revised.

### III. Other undertakings

In addition, pursuant to the Deed of Non-competition, each of the Covenantors undertakes that, during the Restricted Period, he or it will:

- (a) provide all information necessary to our Company and Directors for the annual review by our independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition and the enforcement of the undertakings contained therein;
- (b) make an annual declaration and disclosure in compliance with such undertakings in the annual reports of our Company; and
- (c) in the event of any disagreement as to whether or not any activity or proposed activity of the Covenantors constitutes a Restricted Business, procure that the matter be determined by our independent non-executive Directors whose majority decision shall be final and binding.
- (d) our independent non-executive Directors will review, on an annual basis, the compliance of each of the Covenantors with their respective non-competition undertaking and in particular, the right of first refusal in relation to any Business Opportunities and that our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with, and the enforcement of, the Deed of Non-competition in our annual report or by way of announcement to the public.

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### CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of incorporating elements of good corporate governance in management conducive to the protection of the interest of our Shareholders. In particular, the following corporate governance measures in relation to managing actual or potential conflict of interests between our Group and our Controlling Shareholders have been adopted by our Company and will be taken:

- (a) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;
- (b) our Group has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their close associates after the [REDACTED];
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;
- (d) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (e) we are committed to ensuring that our Board has a balanced composition of executive, non-executive and independent non-executive Directors to ensure that there is a strong independent element on our Board, which can efficaciously exercise independent judgment and will be able to deliver neutral and professional advice to safeguard the interest of the minority Shareholders; and
- (f) our Directors (including our independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules; and
- (g) We have appointed Rainbow Capital (HK) Limited as our compliance advisor, which 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.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements.

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 our Controlling Shareholders and/or Directors to protect minority Shareholders’ rights after the [REDACTED].