OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) 39.19% by Mr. Li, and (ii) 13.06% and 9.53% by Zhoushan Tuowei and Zhoushan Jicheng, respectively, each of which is controlled by Mr. Li as their general partner. For details, see "History, Development and Corporate Structure — Corporate Structure" in this document.

Accordingly, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Li, directly and indirectly through Zhoushan Tuowei and Zhoushan Jicheng, will be entitled to exercise a total of [**REDACTED**]% of the voting power at general meetings of our Company. Upon [**REDACTED**], Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/it had no interest in any 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 as of the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

Our management and operational decisions are made by our Board of Directors and senior management collectively, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise. Other than Mr. Li, none of the Directors or members of the senior management of our Company holds any directorships and/or other senior management roles in any companies owned or controlled by members of the Controlling Shareholders and their respective close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors and Senior Management";

(iii) we have appointed three independent non-executive Directors, comprising no less than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole;

(iv) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(v) 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 close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after [**REDACTED**].

Operational Independence

Our Group operates independently from members of the Controlling Shareholders and their respective close associates.

Our Group has a full-time management team and team of staff to carry out its operation and administration independently from the Controlling Shareholders. We have established a complete organizational structure, comprising various separate departments each charged with specific responsibilities. The support functions comprising accounting, administration, product development, compliance and human resource management will also continue to be handled by a team of staff employed directly by us and are separated from the Controlling Shareholders. We have also established a set of internal control procedures and adopted corporate governance measures to facilitate the independent and effective operation of our business. For details, please refer to "— Corporate Governance Measures" in this section.

Based on the above, our Directors are satisfied that our Group is able to operate independently from members of the Controlling Shareholders and their respective close associates.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

During the Track Record Period and as of the Latest Practicable Date, Zhuhai Vergiga entered into a series of financing arrangements for a commercial loan amounting to RMB156,000,000 at a floating rate with reference to the one-year loan prime rate. The loans are secured by Zhuhai Vergiga's facilities, land use rights, and certain equipment, and are guaranteed by an unlimited personal guarantee provided by Mr. Li and his spouse (the "**Connected Guarantee**s"). As of the Latest Practicable Date, the aggregate outstanding principal amount of these commercial loans amounted to approximately RMB82.15 million. The Connected Guarantees will be released upon the [**REDACTED**].

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, save for the abovementioned, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Upon [**REDACTED**], our Company will comply with all applicable code 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, save for code provision C.2.1 of the Corporate Governance Code. For more details, please see the paragraphs headed "Directors and Senior Management — Management and Corporate Governance — Corporate Governance" in this document.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;

(ii) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) 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 possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document;

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

(vi) we have appointed Red Sun Capital 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.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflict of interest, and to protect minority Shareholders' interests after the [**REDACTED**].