
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after the completion of the [REDACTED] (assuming the Assumptions), Mr. Sky Yangtian Xu, our Founder, executive Director and Chief Executive Officer, will be interested in and will control, through his intermediaries, an aggregate of [REDACTED] Class A Shares and [REDACTED] Class B Shares, representing approximately [REDACTED]% of our issued Shares, and will be entitled to exercise approximately [REDACTED]% of the voting rights of our issued Shares in general meetings (except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote).

Mr. Sky Yangtian Xu holds his interests in the Company through Apex Sight Holdings Limited which is wholly-owned and controlled by XYT Holdings Limited, and Mr. Sky Yangtian Xu is the sole director of Apex Sight Holdings Limited. XYT Holdings Limited is a British Virgin Islands company, with a trust established pursuant to the laws of the Cayman Islands being its sole shareholder and an entity appointed by the trustee serving as its sole director. Mr. Sky Yangtian Xu is the settlor of this trust, and he and his family members are the beneficiaries of this trust. Therefore Mr. Sky Yangtian Xu, Apex Sight Holdings Limited and XYT Holdings Limited will constitute the Controlling Shareholders of our Company after the [REDACTED].

See “Share Capital — Weighted Voting Rights Structure” for details of the weighted voting rights attached to the Class A Shares.

Our Group operates independently of our Controlling Shareholders. Apart from their interest in our Company, our Controlling Shareholders do not currently have any interest in a business that competes or is likely to compete, either directly or indirectly, with our Group’s business.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and its close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of seven Directors comprising four executive Directors, and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management”.

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

- (a) each Director is aware of their fiduciary duties as a director which require, among others, that they act for the benefit and in the interest of our Company and do not allow any conflict between their duties as a Director and their personal interests;
- (b) 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 interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive directors for review;
- (d) 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 associates, the interested Director(s) is (are) required to declare the nature of such interest before voting at the relevant Board meeting; and
- (e) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in “— Corporate governance measures”.

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. Our Company (through our subsidiaries) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our users, customers and suppliers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

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Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their associates will be outstanding as of the [REDACTED].

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Controlling Shareholders and their close associates after the [REDACTED].

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, 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 that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognise the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

In light of this, the Company [has established] a corporate governance committee pursuant to Rule 8A.30 which has adopted terms of reference consistent with Code Provision DA2.1 in Part 2 of Appendix C1 to, and Rule 8A.30 of, the Listing Rules. The members of the corporate governance committee are independent non-executive Directors with experience in overseeing corporate governance related functions of listed companies. The primary duties of the corporate governance committee are to ensure that the Company is operated and managed for the benefit of all shareholders and to ensure the Company’s compliance with the Listing Rules and safeguards relating to its weighted voting rights structure.

Under the Articles of Association, extraordinary general meetings of the Company may be convened on the written requisition of any one or more members holding, as at the date of deposit of the requisition, in aggregate shares representing not less than one-tenth of the total voting rights attaching to all issued and outstanding Shares of the Company, on a one vote per share basis, that as at the date of the deposit carry the right to vote at general meetings of the Company. In addition, pursuant to the Shareholder communication policy to be adopted by the Company upon [REDACTED], Shareholders are encouraged to put governance related matters to the Directors and to the Company directly in writing.

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We will also adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Shareholders’ meeting is held pursuant to the Listing Rules to consider proposed transactions or arrangements in which our Controlling Shareholders or any of their associates have a material interest, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted;
- (b) our Company 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 associates after [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 (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;
- (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 advisers, the appointment of such independent professionals will be made at our Company’s expense;
- (g) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (h) we [have established] our audit committee, remuneration committee, nomination committee and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].