
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

FBH Partners is owned as to 79% by Mr. Bao and 21% by Ms. Hui Yin Ching, Mr. Bao's spouse. As a result of a voting proxy granted by Ms. Hui Yin Ching over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. FBH Partners owns 73.37% of issued shares in CR Partners.

Since the inception of our Company: (i) CR Partners has all along been the majority shareholder of our Company; and (ii) Mr. Bao has been controlling CR Partners through FBH Partners. Each of the shareholders of CR Partners has been acting independently from each other, while CR Partners has been serving as a special purpose vehicle holding shares in our Company for and on behalf of these shareholders.

Immediately after the completion of the Global Offering (assuming the Over-allotment Option and outstanding options under the ESOP are not exercised and no new Shares are issued pursuant to the RSU Plan), Mr. Bao, FBH Partners and CR Partners will collectively be interested in an aggregate of 44.53% of the issued share capital of our Company. Accordingly, Mr. Bao, FBH Partners and CR Partners will together constitute a group of Controlling Shareholders.

Mr. Bao is an executive Director and the chief executive officer of our Company. For further background of Mr. Bao, see "Directors and Senior Management."

K2VC (險峰長青) is a venture capital firm co-founded by Mr. Bao and Mr. Chen Keyi (陳科屹) in 2010, specializing in early-stage investments in the TMT industry. CRP Holdings Limited, being an entity controlled by Mr. Bao, holds 10 to 40% of interests of general partners of certain of K2VC's USD denominated investment funds. Mr. Bao has no control over K2VC or any of its investment funds, nor does he personally sit at the investment committees of such funds. We have no intention to acquire K2VC or any of its investment funds in the future and do not expect to have any connected transactions with these entities at the time of Listing. We are capable of carrying on our own business independently of, and at arm's length from, K2VC or any of its investment funds.

Save as disclosed above, each of our Controlling Shareholders confirms that as of the Latest Practicable Date, he or it 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.

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 his close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors comprising of three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, please see "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) although one of our Controlling Shareholders, Mr. Bao, also serves as a Director, each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which we are 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 their 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 required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (e) 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. See “—Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. Our Group (through our subsidiaries and consolidated affiliated entities) holds all material licenses to carry on our business. We have sufficient capital, employees and resources to operate our business independent from our Controlling Shareholders. We also have independent access to our customers 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.

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 its associates are expected to be outstanding as of the Listing Date.

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 Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) under the Articles, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, the relevant Controlling Shareholders or associate will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders 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, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (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;
- (g) our Directors will abstain from voting in proposals in which they have conflicts of interest;
- (h) we have appointed China Renaissance Securities (Hong Kong) Limited and Guotai Junan Capital Limited as our joint compliance advisors 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
- (i) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Government Report in Appendix 14 of the Listing Rules. All of the members of our audit committee, including the chairman, are independent non-executive Directors.

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 Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.