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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Mr. Zhu and Mr. Zhang have entered into the Concert Party Agreement, pursuant to which, they have agreed that they had and would continue to act in concert by aligning their votes at shareholders’ meetings of the Company and Beijing Joyspreader. Mr. Zhu, through ZZN. Ltd., and Mr. Zhang, through ZZD. Ltd., hold 45.81% and 4.09%, respectively, of the total issued share capital of our Company. In addition, as of the Latest Practicable Date, Laurence mate. Ltd., which is owned as to 90% by Mr. Zhu and 10% by Mr. Zhang, held 6.81% of the total issued share capital of our Company. Laurence mate. Ltd. is an entity controlled by Mr. Zhu, who is the administrator for the purpose of establishing and managing the RSU Scheme. Immediately following the completion of the Share Subdivision the [REDACTED] (assuming that the [REDACTED] is not exercised), Mr. Zhu and Mr. Zhang will be deemed to be jointly interested in approximately [REDACTED] of the total issued share capital of our Company. Accordingly, Mr. Zhu, Mr. Zhang, ZZN. Ltd., ZZD. Ltd. and Laurence mate. Ltd. will continue to be our Controlling Shareholders upon the [REDACTED].

### NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of our Controlling Shareholders has confirmed that, as of the Latest Practicable Date, none of them or any of their respective close associates had interests in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

### CORPORATE GOVERNANCE MEASURES

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

- a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates has a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) that can facilitate the exercise of independent judgment. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/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 and external opinion to protect the interests of our public Shareholders. For further details of our independent non-executive Directors, please refer to the section headed “Directors and Senior Management — Directors — Independent non-executive Directors” of this document;

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- in the event that any potential conflict of interest arises, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, the Director(s) with an interest in the relevant transaction(s) shall be excluded from our Board deliberation process and abstain from voting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event any potential conflict of interest arises at the shareholders’ level, our Controlling Shareholders shall abstain from voting in the Shareholders’ meeting of our Company with respect to the relevant resolution(s);
- in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors (including why business opportunities referred to our Company by our Controlling Shareholders were not taken up) either through our Company’s annual report or by way of announcements;
- pursuant to the Corporate Governance Code and Corporate Governance Report in accordance with Appendix 14 to the Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company’s costs;
- any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent shareholders’ approval requirements of such rules; and
- we have appointed Orient Capital (Hong Kong) 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 the directors’ duties and corporate governance.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

### Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors and members of the senior management possess relevant management and/or industry-related experience to act as Directors or senior management of our Company. For more details, please refer to the section headed “Directors and Senior Management” in this document. As of the Latest Practicable Date, none of our Controlling Shareholders and Directors had any business which competes or is likely to compete, either directly or indirectly, with our business.

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Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit and in the best interests 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 Company and our Directors or their respective close associates, 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 in the quorum present at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgment to the decision-making process of our Board. For details, please refer to the section headed "Directors and Senior Management" in this document.

The daily operation of our Group is carried out by an independent experienced senior management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a standalone basis.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

### **Operational Independence**

Although our Controlling Shareholders will retain a controlling interest in our Company after [REDACTED], we have full rights to make all decisions regarding, and carry out, our business operations independently. We have established our own organizational structure and each department is assigned to specific areas of responsibilities. We are also in possession of all necessary relevant licenses, approvals and certificates to carry on our business and we have sufficient operational capacity in term of capital and employees to operate and manage our business independently. We do not rely on our Controlling Shareholders or their close associates for our operations. We have independent access to our customers and suppliers and have an independent management team (including our Directors and senior management) to handle our daily operations. We have also established a set of internal control procedures to facilitate and maintain the independent operation of our business.

Based on the above, our Directors are satisfied that there is no operational dependence by us on our Controlling Shareholders and our Group is able to operate independently from our Controlling Shareholders after [REDACTED].

### **Financial Independence**

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent and sound audit system, a standardized financial and accounting system and a complete financial management system. We have sufficient capital to operate our business independently, and have adequate internal resources

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and a strong credit profile to support our daily operations. We have access to independent third party financing and are capable of obtaining such financing without the need to rely on any guarantee or security provided by our Controlling Shareholders or their respective close associates. Save as disclosed in "Connected Transactions", no loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates was outstanding as of the Latest Practicable Date.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.