

## **RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

### **OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

Pursuant to a concert party agreement dated January 21, 2021 entered into among Dr. Zhao, Dr. Zhong, Dr. Li, Ms. Wei, Zhuhai Tongqiao Investment, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui (each a “**Concert Party**” and collectively, the “**Concert Parties**”), the Concert Parties acknowledged that they have been acting in concert in respect of the decisions making at the Board and Shareholders’ level relating to the business operation, corporate governance and major issues of the Company and they agreed to continue to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders’ meetings. Pursuant to the concert party agreement, the Concert Parties agree that (i) they will jointly exercise their rights as shareholders to the Company and act in concert in any matters in respect of the operations and management of the Company (including but not limited to the matters relating to finance, operation and management of the Company), or urge the directors appointed by the Concert Parties (where applicable) to take concerted action; (ii) before exercising the rights as shareholders of the Company, the Concert Parties or the directors appointed by the Concert Parties (where applicable) shall consult and communicate with each other sufficiently to reach a decision to act in concert and, where necessary, the Concert Parties shall convene a meeting to urge all Concert Parties to reach a decision to act in concert. In the event the Concert Parties fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with the instructions of Dr. Zhao. Dr. Zhao and Dr. Li, each being an executive Director of the Company, will also act in accordance with their fiduciary duty as Directors of the Company and all applicable laws and regulations while exercising their rights as Shareholders. Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang and Huzhou Guiqiao are our Employee Incentive Platforms controlled by Dr. Zhao. WEA is controlled by Dr. Zhong and Nanjing Yuyihui is controlled by Ms. Wei, being the spouse of Dr. Li.

Immediately prior to the [REDACTED], the Concert Parties are collectively interested in approximately 36.55% of our total issued share capital. Therefore, the Concert Parties are our Controlling Shareholders (as defined under the Listing Rules) before [REDACTED]. Immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised and without taking into account any Shares to be issued under the [REDACTED] Share Option Scheme, the Concert Parties will continue to hold approximately [REDACTED]% of our total issued share capital. Therefore, they will not be regarded as our Controlling Shareholders upon [REDACTED], but they will remain as our Single Largest Group of Shareholders upon [REDACTED].

For details of the shareholding of Dr. Zhao, Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang, Huzhou Guiqiao, WEA and Nanjing Yuyihui immediately prior to and following the completion of the [REDACTED], please refer to the section headed “History, Development and Corporate Structure” in this document.

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### **INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

Our Directors consider that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and their close associates after the [REDACTED], taking into consideration the factors below.

#### **Management Independence**

We are able to carry on our business independently from the Single Largest Group of Shareholders from a management perspective. Our Board consists of 9 Directors, including 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors.

- (a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her 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. For details of the industry experience of our senior management team, please refer to the section headed “Directors, Supervisors and Senior Management” in this document;
- (c) we have 3 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 a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. For details, see “– Corporate Governance” 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 the Single Largest Group of Shareholders and their close associates after the [REDACTED].

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### **Operational Independence**

We do not rely on the Single Largest Group of Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We 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, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of the Single Largest Group of Shareholders and their close associates.

### **Financial Independence**

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their respective associates. As of the Latest Practicable Date, there was no outstanding loans or guarantee provided by or granted to the Single Largest Group of Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, we had received a series of [REDACTED] Investments from third party investors independently. For details of the [REDACTED] Investments, please refer to the section headed “History, Development and Corporate Structure” in this document.

Based on the above, our Directors believe that we do not place undue reliance on the Single Largest Group of Shareholders after the [REDACTED].

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### INTERESTS OF THE SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Save for the interests of the Single Largest Group of Shareholders in our Company and its subsidiaries, the Single Largest Group of Shareholders and the Directors confirmed 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, which would require disclosure under Rule 8.10 of the Listing Rules.

### CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Single Largest Group of Shareholders or any of their respective associates has a material interest, the Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with the Single Largest Group of Shareholders or any of his/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 is any conflict of interests between the Group and the Single Largest Group of Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) the Single Largest Group of 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 Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

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- (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; and
- (g) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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 the Single Largest Group of Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].