
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately before completion of the [REDACTED] and the [REDACTED], Mr. Yang, our founder and executive Director, through Keiskei Holding Ltd., a company indirectly controlled by Peter Yang Family Trust (through Yang Family Holding Limited, a company incorporated in the BVI and is wholly owned by the Peter Yang Family Trust) which was established by Mr. Yang as the settlor and Mr. Yang and his family members as the beneficiaries, has an indirect interest in [5,296,696] Ordinary Shares. Immediately before the completion of the [REDACTED] and assuming that the Series A Preferred Shares and the Series B Preferred Shares are fully converted into Ordinary Shares in accordance with the terms and conditions of the respective agreements in respect of the [REDACTED] and the Articles (“**Full Conversion of Preferred Shares**”), Mr. Yang will have an indirect interest, through Keiskei Holding Ltd., in approximately 34.34% of the total issued share capital of our Company. Immediately following completion of the [REDACTED] and assuming (i) the [REDACTED] is not exercised, and (ii) Full Conversion of Preferred Shares, Mr. Yang will have an indirect interest, through Keiskei Holding Ltd., in approximately [REDACTED] of the total issued share capital of our Company. Therefore, Mr. Yang, Yang Family Holding Limited and Keiskei Holding Ltd. will cease to be our controlling shareholders after [REDACTED]. However, Keiskei Holding Ltd. will remain as our single largest Shareholder after the [REDACTED]. For more information on Keiskei Holding Ltd.’s shareholding, please refer to the section headed “Substantial Shareholders”. For details of the shareholding structure of our Company, please refer to the section headed “History, Reorganization and Corporate Structure” of this document.

INDEPENDENCE FROM OUR 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 their respective close associates after the [REDACTED].

Management Independence

Upon [REDACTED], our Board will consist of seven Directors. For more information, please refer to the section headed “Directors and Senior Management”. Mr. Yang is also the sole director of Keiskei Holding Ltd., which is an investment holding vehicle without substantive business operations.

Our Directors consider that our Board and senior management will function effectively and independently from our Controlling Shareholders and their close associates for the following reasons:

- (a) our daily management and operations are carried out by a senior management team. A majority of our senior management members held positions as senior management in our Group throughout the Track Record Period and will continue to form our core management team and discharge their duties to our Shareholders as a whole, upon and after [REDACTED]. Each of our senior management members possesses the relevant management and/or industry-related experience and will be able to make decisions that are in our best interest. Please refer to the section headed “Directors and Senior Management” for details of their experience;
- (b) each of our Directors is fully aware of the fiduciary duties of a Director which require, among other things, that he or she must act for the benefit and in the best interests of our Group and must not allow any conflict between his or her duties as a Director and his or her personal interest;
- (c) in the event that any Director to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, the interested Director(s) is required to declare the nature of his/her interest before voting/abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum at the relevant meeting(s) in respect of that transaction;
- (d) our Board comprises seven Directors, including three independent non-executive Directors, which represent at least one-third of the members of our Board. Our independent non-executive Directors have extensive experience in corporate management and governance, and they are appointed to ensure that our Board will only make decisions after due consideration of independent and impartial opinion / and certain matters of our Company must always be referred to the independent Directors for review;

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- (e) should there be a conflict of interest or a connected transaction between our Company (on the one hand) and Keiskei Holding Ltd. (on the other hand), Mr. Yang, as the common director, will abstain from voting on, and will not be counted in the quorum for, the relevant board resolution(s) of our Company. There would be sufficient quorum for the board meetings of our Company if Mr. Yang abstained from voting due to conflict of interest; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders that would support our independent management; see “Corporate Governance Measures” in this section.

Operational Independence

We hold all the relevant material licenses, qualifications, intellectual properties and permits required for conducting our Group’s business. We have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates. We also have independent access to our customers and an independent management team to operate our business. We have established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

In light of the above, we believe that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates. Our Directors confirmed that our Group will be able to operate independently from our Controlling Shareholders and their close associates after the [REDACTED].

Financial Independence

We have our own finance department responsible for the treasury function. We also have our own financial management system and internal control system with the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective.

As of the Latest Practicable Date, we did not obtain any borrowings, guarantees, or financial assistance from our Controlling Shareholders and their respective close associates and we did not have any outstanding loans granted or guaranteed by any of them to us.

Based on the above, our Directors are of the view that we have the ability to conduct our business independently from our Controlling Shareholders and their close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their close associate after the [REDACTED].

DISCLOSURE UNDER RULE 8.10 OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders had any interest in a business which competes, or is likely to compete, either directly or indirectly, with our business, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

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) 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 expense;

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- (b) we have appointed Red Solar Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable Laws, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon and after the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (d) where a Board or Shareholders’ meeting is to be held for considering proposed transactions in which any of our Directors or Controlling Shareholders or any of their respective associates has a material interest, the relevant Director or Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum for the voting;
- (e) our Board will consist of a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience and are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (f) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (g) 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 Annual Review; and
- (h) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements.

Based on the above, our Directors are satisfied that we have sufficient corporate governance measures 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 [REDACTED].