

## RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

### OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhu, Mr. Fu, Ms. Liu (spouse of Mr. Zhu) and Ms. Chen (spouse of Mr. Fu), by virtue of the acting-in-concert arrangement among them, were collectively interested in approximately 31.01% of our total issued share capital, including (i) 11.89% controlled by Mr. Zhu directly and indirectly through Hangzhou Xintu, Ningbo Jinghang and Wanzai Mingzhao, (ii) 13.53% controlled by Mr. Fu directly and indirectly through Ningbo Huayang and Ningbo Gulin and (iii) 5.59% controlled by Ms. Chen indirectly through Ningbo Hualing. See the section headed "History, Development and Corporate Structure — The Single Largest Group of Shareholders" in this document for details.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised), Mr. Zhu, Mr. Fu, Ms. Liu and Ms. Chen will, directly and indirectly through Hangzhou Xintu, Ningbo Jinghang, Wanzai Mingzhao, Ningbo Huayang, Ningbo Gulin and Ningbo Hualing, continue to control in aggregate approximately [REDACTED]% of our total issued share capital. Therefore, they will remain as our Single Largest Group of Shareholders, and our Company will not have any controlling shareholders as defined under the Listing Rules upon [REDACTED].

### 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

Our Board consists of seven Directors, namely three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Zhu, who is a member of the Single Largest Group of Shareholders, as detailed above, is also a member of our Board, serving as our chairperson of the Board, executive Director and chief executive officer.

Our Directors consider that we are able to carry on our business independently from the Single Largest Group of Shareholders from a management perspective for the following reasons:

- (a) 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;

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- (b) 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 our Director and his/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 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;
- (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; and
- (d) 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].

### **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.

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### 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 in charge of our 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 the cash, cash equivalent on hand 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 were 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 Pre-[REDACTED] Investments from third party investors independently. For details of the Pre-[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 are capable of carrying on our business independently of, and do not place undue reliance on the Single Largest Group of Shareholders after the [REDACTED].

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

Our Single Largest Group of Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other 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;

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- (b) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (c) 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;
- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see the section headed "Directors, Supervisors and Senior Management" in this document;
- (e) 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
- (f) we have appointed Somerley Capital 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].