
RELATIONSHIP WITH OUR LARGEST SHAREHOLDER

OUR LARGEST SHAREHOLDER

Immediately upon completion of the [REDACTED], the [REDACTED] and full conversion of the Pre-[REDACTED] Convertible Bonds and without taking into account any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme, Mr. Jia will, via Great Shine, beneficially own and control approximately [REDACTED]% of the issued share capital our Company and will be our Largest Shareholder.

Great Shine is an investment holding company which is wholly owned by Mr. Jia. Mr. Jia is one of our Founders, the chairman of our Board, one of our executive Directors and our chief executive officer. For Mr. Jia’s background, please see “Directors and Senior Management” in this document. Neither Mr. Jia nor any of his close associates (including Great Shine but other than any member of our Group) is interested in any business which is, whether directly or indirectly, in competition with our business.

INDEPENDENCE FROM OUR LARGEST SHAREHOLDER

We believe that we are capable of carrying on our business independently without undue reliance on our Largest Shareholder and his close associates (other than any member of our Group) after [REDACTED] for the following reasons:

Management independence

Our Board comprises three executive Directors and three independent non-executive Directors. Our day-to-day management and operational decisions are made by our executive Directors and senior management, most of whom have served us for more than three years and have substantive industry experience. Please refer to “Directors and Senior Management” in this document.

Each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. 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 close associates (other than any member of our Group), the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Largest Shareholder and his close associates (other than any member of our Group) after the [REDACTED].

Operational independence

We have full rights, hold and enjoy the benefit of all relevant licenses and permits, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Largest Shareholder and his close associates (other than any member of our Group) and will continue to do so after the [REDACTED].

Our Group has a large and diversified base of customers that are unrelated to our Largest Shareholder and/or his close associates (other than any member of our Group). We have independent access to such customers, our suppliers as well as our other business partners.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDER

We have our own team of employees. We recruit our employees independently from our Largest Shareholder and his close associates (other than any member of our Group). We have entered into standard employment contracts with our employees. In addition, we have also entered into confidentiality agreements with our employees, which agreements typically include confidentiality obligations and non-compete undertakings effective of typically three years during and after their employment with us.

Details of the continuing connected transactions between our Group and our connected persons which will continue after the completion of the [REDACTED] are set out in the section headed “Contractual Arrangements” in this document. Our Directors are of the view that such continuing connected transactions are conducted in our ordinary and usual course of business and are not expected to affect our operational independence as a whole.

Having considered the above factors, our Directors are satisfied that we will be able to function and operate independently from our Largest Shareholder and his close associates (other than any member of our Group).

Financial independence

We have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, we believe we are able to maintain financial independence from our Largest Shareholder and his close associates (other than any member of our Group).

CORPORATE GOVERNANCE MEASURES

To manage any potential conflict of interest that may arise between our Group (on the one hand) and our Largest Shareholder or our Directors (on the other hand), we have implemented the following corporate governance measures:

- (a) in preparation for the [REDACTED], we have conditionally adopted the Articles of Association which complies with the Listing Rules. In particular, pursuant to our Articles of Association, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates (other than any member of our Group) has a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) if any Director and/or any of his associates (other than any member of our Group) has or is deemed to have any material interests in any matter to be resolved at any Board meeting, such Director shall make full disclosure of his or his associate’s interests and abstain from voting on the relevant resolutions at the Board meeting, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the disinterested Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. Our Board is currently comprised of six Directors, including three executive Directors and three independent non-executive Directors, hence independent non-executive Directors represent half of the number of our Directors which exceeds the requirement that at least one-third of the Board shall comprise independent non-executive directors as set out in the Listing Rules;

RELATIONSHIP WITH OUR LARGEST SHAREHOLDER

- (d) we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment as a whole. For the biographical details of our independent non-executive Directors, see “Directors and Senior Management — Board of Directors — Independent non-executive Directors” in this document. In the event that our independent non-executive Directors are required to review any matter concerning any conflict of interests between our Group (on the one hand) and our Largest Shareholder or any of our Directors (on the other hand), our Company and/or our Largest Shareholder (as the case may be) shall provide the independent non-executive Directors with all necessary information, and we believe that the independent non-executive Directors will be able to provide impartial and professional advice to protect the interests of our Company and our Shareholders as a whole;
- (e) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Largest Shareholder or any of his associates (other than any member of our Group) has a material interest, they shall not vote on the resolutions and shall not be counted in the quorum for the voting;
- (f) upon [REDACTED], if our Company enters into connected transactions with any connected persons of our Company (including, without limitation, our Largest Shareholder, any Director or any of their respective associates, other than any member of our Group), our Company shall comply with the applicable Listing Rules; and
- (g) we have appointed UOB Kay Hian (Hong Kong) Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and 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 (on the one hand) and our Largest Shareholder or our Directors (on the other hand), and to protect the interests of our Shareholders as a whole after the [REDACTED].