
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Far East Horizon will directly hold approximately [REDACTED]% of the total issued share capital of our Company and will also be entitled to control the exercise of voting rights in respect of the Shares held by Farsighted Wit Limited (representing approximately [REDACTED]% of the total issued share capital of our Company) at our general meetings. Therefore, Far East Horizon and Farsighted Wit Limited will constitute a group of our Controlling Shareholders upon [REDACTED].

Farsighted Wit Limited is an investment holding company. For further details of Farsighted Wit Limited and our shareholding and corporate structure, please refer to the section headed "History, Reorganization and Corporate Structure" in this [REDACTED].

DELINEATION OF BUSINESS

Business of our Group

Our Group is principally engaged in equipment operation business, covering (i) operating lease services, (ii) engineering and technical services, and (iii) platform and other services. For further details of our business, please refer to the section headed "Business" in this [REDACTED].

Business of Far East Horizon Group

The principal business activities of Far East Horizon Group are (i) financial leasing and advisory services, and (ii) industrial operation and management services, including hospital investment and operation, preschool education and school operation management, trading and brokerage services, etc.

Financial leasing and advisory services

Financial leasing and advisory services are the principal business activities of Far East Horizon Group. The financial leasing services, through which Far East Horizon Group earns interest income, include direct financial leasing and sale-leaseback. The advisory services, through which Far East Horizon Group earns fee income, are normally provided in conjunction with and are complementary to the financial leasing services, which are designed to provide comprehensive business or financial solutions to the customers of Far East Horizon Group.

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Industrial operation and management

The industrial operation and management business of Far East Horizon Group primarily consists of hospital investment and operation, preschool education and school operation management and, trading and brokerage services.

Business Delineation

Although both engaged in leasing business, each of our Group and Far East Horizon Group is engaged in a distinctive and separate leasing business, i.e., operating leasing and financial leasing, respectively.

Business model delineation

The following table sets forth differences in the business models of operating leasing of our Group and financial leasing of Far East Horizon Group.

Operating leasing business of our Group	Financial leasing business of Far East Horizon Group
<p>Operating leasing normally refers to the leasing where substantially all of the risks and rewards of ownership of the assets remain with the lessor.</p> <p>The operating leasing services of our Group are usually contracted for a shorter term, i.e. ranging from weeks to months according to construction period for each project, during which, our Group, as the lessor, shall take care of the equipment and would need to transport, maintain and repair the equipment, and provide replacement of damaged equipment to the lessee. At the end of lease period, our customer, the lessee, is usually not given an option to purchase the equipment which has been taken on lease. Instead, our Group will retrieve the equipment and lease the same to other customers.</p>	<p>Financial leasing normally refers to the leasing when the terms of the leasing transfer substantially all of the risks and rewards of ownership of the assets to the lessee. The financial leasing services of Far East Horizon Group comprise direct leasing and sale-leaseback, business models of which are as follows:</p> <p>A direct leasing transaction involves three parties, namely the lessor, the lessee, and a third party asset supplier. Far East Horizon Group, as the lessor, provides its customer, as the lessee, with a commercial arrangement where: (i) the lessor purchases an asset from the asset supplier; and (ii) the lessor leases the asset to the lessee in return for lease payments. The lessee has the right to use the leased asset, while ownership of the leased asset remains with Far East Horizon Group during the lease term. The lessee has the option to purchase the leased asset from Far East Horizon Group at the end of the lease term.</p>

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Operating leasing business of our Group

Financial leasing business of Far East Horizon Group

A sale-leaseback transaction involves two parties, namely the lessor and the lessee. Far East Horizon, as the lessor, provides its customer, as the lessee with a commercial arrangement where: (i) the lessee has owned the asset; (ii) the lessee sells the asset to the lessor for a negotiated price; and (iii) the lessor leases the asset back to the lessee in return for rental payments, through which the lessee could satisfy its funding needs while continuing to use the same asset during the lease term. The lessee has the option to buyback the leased asset at the end of the lease term to regain its ownership.

The financial leasing services of Far East Horizon Group are usually contracted for a longer term, i.e. ranging from two to five years, during which, the lessee is responsible for transportation, maintenance and repair of the leased asset. Any damage to the leased asset will not affect its payment obligation to Far East Horizon Group. The lessee is given an option and, in most cases, chooses to exercise such option, to purchase the underlying asset at a nominal price from the lessor at the end of the lease term.

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Customers and suppliers delineation

The following table sets forth customers and suppliers of operating leasing business of our Group and financial leasing business of Far East Horizon Group, respectively.

	Operating leasing business of our Group	Financial leasing business of Far East Horizon Group
Customers	Mainly construction companies in demand of equipment to be used in its construction operations and projects in engineering construction industry.	Mainly enterprises and institutions in demand of financing within target industries such as healthcare, culture and tourism, engineering construction, machinery, chemical and medicine, electronic information, livelihood and consumption, transportation and logistics, and urban public utility, etc.
Suppliers	Mainly equipment manufacturers.	Mainly banks.

The transactions in the operating leasing business of our Group and the financial leasing business of Far East Horizon Group are separately and independently negotiated and entered into, which are based on commercial needs of differentiated customers. The following tables set forth quantitative information on customers of the operating leasing business of our Group and the financial leasing business of Far East Horizon Group.

- (i) Information on customers and revenue in terms of the operating leasing transactions of our Group for each of the three years ended December 31, 2022

	Year ended December 31,		
	2020	2021	2022
Total number of customers of our Group	31,948	67,325	92,735
Number of overlapping customers with Far East Horizon Group	74	148	188
Percentage of overlapping customers	0.23%	0.22%	0.20%

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	Year ended December 31,		
	2020	2021	2022
Revenue from operating lease income of our Group (RMB'000)	2,484,554	4,463,348	5,189,949
Revenue from the overlapping customers (RMB'000)	14,504	35,098	56,714
Revenue contribution by overlapping customers	0.58%	0.79%	1.09%

- (ii) Information on customers and revenue in terms of the financial leasing transactions of Far East Horizon Group for each of the three years ended December 31, 2022

	Year ended December 31,		
	2020	2021	2022
Total number of customers of Far East Horizon Group	1,084,454	835,199	497,471
Number of overlapping customers with our Group	74	148	188
Percentage of overlapping customers	0.01%	0.02%	0.04%
Revenue from financial lease income of Far East Horizon Group (RMB'000)	15,266,024	17,032,212	19,151,126
Revenue from the overlapping customers (RMB'000)	89,368	124,120	174,885
Revenue contribution by overlapping customers	0.59%	0.73%	0.91%
Total balance of financial lease receivables at the end of the year (RMB'000)	208,625,192	222,543,487	234,934,182
Balance of financial lease receivables at the end of the year from the overlapping customers (RMB'000)	1,181,700	2,241,729	2,187,147
Contribution to balance of financial lease receivables by overlapping customers	0.57%	1.01%	0.93%

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As demonstrated in the tables above, the revenue contribution and the contribution to balance of financial lease receivables from the overlapping customers are immaterial to both of the operating leasing business of our Group and the financial leasing business of Far East Horizon Group for each of the three years ended December 31, 2022.

Underlying assets delineation

There are separate underlying assets serving different customer needs in the operating leasing business of our Group and the financial leasing business of Far East Horizon Group. Even though the underlying assets involved in the operating leasing business of our Group and the financial leasing business of Far East Horizon Group may fall within the same type or category, the Company believes that it is very unlikely for a customer in need of operating leasing from our Group to obtain the same type of assets through financial leasing from Far East Horizon Group, and vice versa, for the following reasons.

- (i) Far East Horizon Group is focusing its financial leasing business involving the same types of underlying assets in our operating leasing business on sale-leaseback. The following table sets forth quantitative information on sale-leaseback transactions and direct leasing transactions of Far East Horizon Group where same types of underlying assets from the operating leasing business of our Group were involved for each of the three years ended December 31, 2022.

Projects	Year ended December 31,		
	2020	2021	2022
Sale-leaseback			
Number	3,949	6,223	8,253
Percentage	99.55%	99.66%	99.60%
Direct leasing			
Number	18	21	33
Percentage	0.45%	0.34%	0.40%
Financial lease receivables	As at December 31,		
	2020	2021	2022
Sale-leaseback			
Amount (RMB'000)	30,340,012	36,388,323	40,605,568
Percentage	99.96%	99.95%	99.96%
Direct leasing			
Amount (RMB'000)	11,605	18,973	16,195
Percentage	0.04%	0.05%	0.04%

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Interest income	Year ended December 31,		
	2020	2021	2022
Sale-leaseback			
Amount (RMB'000)	1,820,969	2,765,408	3,163,450
Percentage	99.95%	99.95%	99.93%
Direct leasing			
Amount (RMB'000)	890	1,443	2,172
Percentage	0.05%	0.05%	0.07%

Given the percentage of direct leasing projects, financial lease receivables derived from direct leasing transactions and interest income derived from direct leasing transactions of Far East Horizon Group where same types of underlying assets from the operating leasing business of our Group were involved for the three years ended or as at December 31, 2022 were immaterial to the total number of projects, total financial lease receivables and interest income derived from financial leasing transactions of Far East Horizon Group, our Directors are of view that there is no material business competition between the direct leasing business of Far East Horizon Group and the operating leasing business of our Group.

As explained in the preceding paragraphs, in sale-leaseback, the customer already owns the underlying asset and sells such identified asset to Far East Horizon Group for a negotiated purchase price, and Far East Horizon Group leases the asset back to the customer in return for lease payments, so that the customer may satisfy its funding needs and continue to use the asset as a lessee. In operating leasing, our Group owns large amount of assets with diversified types and our customer chooses from such selections the asset to rent based on its own needs. Combined with the fact that sale-leaseback transactions account for substantially all of the projects involving the same type of assets, it is reasonably believed that the situation where a customer may obtain a type of assets either through financial leasing services from Far East Horizon Group or through operating leasing services from our Group seldom arises.

- (ii) Unlike traditional equipment operation service providers primarily focusing on provision of equipment leasing services, our Group focuses on providing comprehensive, multi-dimensional and full-cycle equipment operation service to our customers, which is a major competitive strength of ours. Such business focus requires us to own large amount of equipment with diversified types, where (i) our customers, for example, construction contractors, normally have higher requirements on equipment performance, safety construction and construction techniques to ensure the quality of construction projects, (ii) the service provider must be equipped with quick response capability to address

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client's demand and ensure timely implementation of the project timetable, and (iii) the service provider is expected to have strong capability in large-scale asset operation and management which originates from long term experiences in serving large-scale projects and also continuous investment in development of digital operation tools. It is therefore very unlikely for a customer in need of operating leasing from our Group to obtain the same type of assets through financial leasing from Far East Horizon Group, and vice versa.

Undertaking from Far East Horizon

In order to effectively mitigate and manage any potential competition that may arise between operating leasing of our Group and direct (financial) leasing of Far East Horizon Group, on November 12, 2021, Far East Horizon executed an enforceable non-competition deed of undertaking (the "**Deed of Undertaking**") in favor of our Group, undertaking that at any time during the valid period of the Deed of Undertaking, it shall not, and shall within its power procure that its subsidiaries (excluding our Group) will not, directly or indirectly, engage in, enter into or participate in any direct (financial) leasing transactions or arrangements where the underlying assets are involved in the operating leasing services of our Group (i.e., all equipment (whatever category, type, model or size) under the neo-excavation support systems, neo-formwork system, aerial work platform and other equipment of our operating leasing business), provided that any such direct (financial) leasing transactions or arrangements that exist prior to the execution of the Deed of Undertaking are excluded. Far East Horizon further agrees and undertakes that it will (i) issue and provide to our Group written confirmation on the compliance with the undertakings in the Deed of Undertaking for each financial year of our Group; (ii) conduct annual review on the compliance and performance of undertakings in the Deed of Undertaking at the request of the independent non-executive Director(s) of our Company; and (iii) take all necessary and appropriate measures to eliminate actual competition or prevent any potential competition.

Far East Horizon's undertakings in the Deed of Undertaking shall become effective from the [REDACTED] and remain valid until whichever is the earliest of the date on which: (i) Far East Horizon and/or its associates (excluding our Group), individually or together, cease to directly or indirectly control 30% or more issued share capital of our Company (or control the exercise of voting rights thereof); (ii) Far East Horizon and/or its associates (excluding our Group), individually or together, directly or indirectly cease to be the Controlling Shareholder(s) of our Company; (iii) Far East Horizon and/or its associates (excluding our Group), individually or together, directly or indirectly cease to be the single largest Shareholder(s) of our Company; or (iv) our Shares cease to be [REDACTED] on the Stock Exchange.

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In December 2020, the board of directors of Far East Horizon reviewed and approved the resolutions in respect of, among others, the [REDACTED] and the authorization to authorized person(s) by the board of directors to handle relevant matters of the [REDACTED] and [REDACTED], including the execution of the Deed of Undertaking. The Deed of Undertaking is not subject to the approval of Far East Horizon's shareholders.

Far East Horizon will adopt the following protocols to effectively implement the aforesaid undertakings. During review and approval of future direct leasing transactions through its internal core business management system (the "**Core Business Management System**"), Far East Horizon will, through the "leased assets import" (租賃物導入) process, block any transaction involving overlapping assets. Under such arrangement, our Group will provide a list of underlying assets involved in our operating leasing business (the "**List of Underlying Assets**") to Far East Horizon and update such list on a monthly basis. The List of Underlying Assets will cover all equipment (whatever category, type, model or size) under the neo-excavation support systems, neo-formwork system, aerial work platform and other equipment of our operating leasing business. Far East Horizon shall place this List of Underlying Assets in the Core Business Management System, where leased assets of any proposed direct leasing transaction, when imported, will be checked and matched against such list. When imported assets are identified to be overlapping with the List of Underlying Assets, they will be tagged as overlapping underlying assets and cannot be selected or otherwise processed in the Core Business Management System, resulting in the direct leasing transaction where the overlapping underlying assets are involved being blocked and therefore unable to proceed. Far East Horizon will designate its Operation Center to monitor the stability of the system on a continuing basis and regularly evaluate the effectiveness of such system and protocols. In case of any new overlapping assets due to business expansion of our Group, Far East Horizon will strictly follow the above protocols to identify any overlapping assets based on the List of Underlying Assets produced by our Group and will not, directly or indirectly, engage in, enter into or participate in any direct (financial) leasing transactions or arrangements where the underlying assets are involved in the operating leasing services of our Group.

In light of above, the Company is of the view that there is clear business delineation between Far East Horizon Group and our Group, and accordingly, there will be no material competition between the businesses conducted by Far East Horizon Group and our Group.

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INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that we can conduct our business independently from our Controlling Shareholders after the [REDACTED].

Management Independence

Our management and operational decisions are made by our Board and our senior management. Our Board consists of eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors.

Save as disclosed below, none of our Directors or members of our senior management holds a directorship or other position in our Controlling Shareholders:

<u>Name</u>	<u>Directorship in our Company</u>	<u>Position in our Controlling Shareholders</u>
Mr. KONG Fanxing (孔繁星先生)	Non-executive Director, chairman	Executive director, chairman and chief executive officer of Far East Horizon
Mr. XU Huibin (徐會斌先生)	Non-executive Director	General manager of strategic centre and assistant to the chief executive officer of Far East Horizon
Ms. GUO Lina (郭麗娜女士)	Non-executive Director	Senior director of human resources department of Far East Horizon
Mr. LIU Jialin (劉嘉凌先生)	Independent non-executive Director	Independent non-executive director of Far East Horizon

Notwithstanding the fact that three non-executive Directors, namely Mr. Kong Fanxing, Mr. Xu Huibin and Ms. Guo Lina, and one independent non-executive Director, namely Mr. Liu Jialin (collectively, the “**Overlapping Directors**”), hold overlapping directorship or other positions in our Controlling Shareholders, we are of the view that our Company and our Controlling Shareholders can be managed independently for the following reasons:

- (i) Mr. Kong Fanxing, Mr. Xu Huibin and Ms. Guo Lina will act as non-executive Directors of our Company, who will be mainly responsible for providing guidance for the overall management and development of our Company, and will not be involved in the day-to-day operation and management of our Company. The executive Directors of our Company, namely Mr. Pan Yang and Mr. Tang Li are responsible for the overall strategic planning and operations. In addition, the day-to-day management and operations of our Company will be dealt with by, among others, a team of full-time management members who have been serving our Group for a long time and are familiar with our business.

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- (ii) Mr. Liu Jialin has over 30 years of experience in the finance and securities industry. His participation in the Board will bring independent judgments on issues relating to our Group's investment decision and other management matters. We believe that Mr. Liu's profound knowledge, experience and understanding of the finance and securities industry and the business of Far East Horizon Group, of which our Group forms a part, could contribute to the continued success of our Group. Although Mr. Liu concurrently holds independent non-executive directorships in both our Company and Far East Horizon, our Directors are of the view that Mr. Liu will be able to discharge his duties as an independent non-executive Director of our Company given that: (a) Mr. Liu has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in various listed companies which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; (b) Mr. Liu's roles in our Group and Far East Horizon are non-executive in nature and he will not be involved in the daily management of the business operations in our Company and Far East Horizon; (c) Mr. Liu will abstain from participating and voting at the board meetings of our Company involving matters and transactions between our Group and Far East Horizon Group; and (d) our corporate governance measures in place will mitigate any potential conflicts of interests. To the best knowledge of our Directors, Mr. Liu was interested in 250,000 shares of Far East Horizon as of the Latest Practicable Date.
- (iii) We have adopted corporate governance measures, including but not limited to appointment of independent non-executive Directors and establishment of special Board committees, to manage potential conflicts of Director's interests after completion of the [REDACTED], including potential conflicts of interest that may arise in respect of the Overlapping Directors, in accordance with the requirements of the Articles of Association, relevant corporate governance policies, the Listing Rules and other applicable regulations. For matters where any Director may have an actual or potential conflict of interest, such actual or potential conflict of interest will be addressed in accordance with the Articles of Association, relevant corporate governance policies and the applicable requirements of the Listing Rules. The following corporate governance measures will be in place to mitigate any actual or potential conflict of interests:
- (a) in the event of any actual or potential conflict of interest between our Group and Far East Horizon Group, our Directors shall report such conflict of interest to the independent non-executive Directors as soon as practicable upon becoming aware of it, where applicable, convene a Board meeting to review and evaluate the implications and risk exposure of such conflict, and monitor any material irregular business activities;

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- (b) the Nomination Committee of our Company will from time to time review the independence of our Directors in terms of the performance of their duties as Directors to ensure effective management of potential conflict of interest; and
- (c) our Directors, including our independent non-executive Directors, are entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense.

According to the Articles of Association, a Director shall not vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution). As of the Latest Practicable Date, Mr. Pan Yang (our executive Director and CEO) and Mr. Tang Li (our executive Director and CFO) were interested in 3,892,331 shares and 236,064 shares of Far East Horizon, respectively, which were awarded to them as eligible participants under the share incentive plan(s) of Far East Horizon, representing 0.09% and 0.00% of the total issued shares of Far East Horizon, respectively. Mr. Pan and Mr. Tang do not hold any positions in Far East Horizon Group or participate in any daily operation or management of Far East Horizon Group. Our Company reasonably believes that such interests in shares of Far East Horizon held by Mr. Pan and Mr. Tang are unlikely to cause conflict of interest in respect of the transactions between Far East Horizon Group and our Group. Upon [REDACTED], in any case where Mr. Pan and Mr. Tang do have any material interest in any contract, arrangement or proposal, they shall report such conflict of interest to the independent non-executive Directors and shall abstain from voting on the relevant Board resolution(s) in accordance with our corporate governance requirements as mentioned above.

In circumstances where all the Overlapping Directors, Mr. Pan Yang and Mr. Tang Li have to abstain from voting, our Company still have five Directors, namely, Mr. He Ziming and Mr. Li Qianjin (our non-executive Directors), Mr. Xu Min, Ms. Jin Jinping and Mr. Sum Siu Kei (our independent non-executive Directors) with sufficient knowledge and experience to determine and vote on matters which may involve conflicts of interest between our Group and Far East Horizon Group. The above five Directors account for more than a half of the independent non-executive Director members, and also satisfy the quorum for Board meetings (i.e., two Directors) as required by the Articles of Association. Therefore, there will be sufficient Board oversight even in the case where all the Overlapping Directors, Mr. Pan Yang and Mr. Tang Li have to abstain from voting.

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The Directors are of the view that the abovementioned corporate governance measures are proper and sufficient to manage any potential conflict of interests between our Group and Far East Horizon Group and therefore our Group will be able to function properly and with a sufficient level of independence.

- (iv) each director of Far East Horizon is aware of his fiduciary duties as a director of a listed company on the Stock Exchange, which require, among other things, that he act for the benefit and in the best interests of Far East Horizon and do not allow any conflict between his duties as a director of Far East Horizon and his personal interests. As required by article 89(7) of the articles of association of Far East Horizon, a director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution relating to any contract, transaction or arrangement or other proposal in which he is aware that he or any of his connected entities or his close associates (and if required by the Listing Rules, his other associates) have a material interest and, if he purports to do so, his vote shall not be counted. With such internal mechanism, the Company considers that it will be able to manage potential conflicts of interest that may arise in respect of overlapping directors with Far East Horizon.

Based on the above, our Directors are of the view that our Company has our own management team and that we are capable of managing our business independently from our Controlling Shareholders and/or its close associates.

Operational Independence

Our operations were established independently of that of our Controlling Shareholders and/or its close associates. We can make decisions and carry out our own business operations independently. We have our own operation facilities, management systems, and operation staff and departments, which enables us to operate our business independently from our Controlling Shareholders. We have our own operation bases which own office buildings and factories buildings in Shanghai, Tianjin and Guangzhou, and which are separate and distinct from those of our Controlling Shareholders. We have our own business operation management systems in all necessary aspects, including but not limited to, information collection, customer management, commodity management, order management, purchasing management, engineering management, logistics management, administration management, financial management, digital store and e-commerce platform. We have our own staff team for our business operation and own departments specialising in our operations, including but not limited to business operations, finance, sales and marketing, information and technology, and human resources, which are independent of our Controlling Shareholders and/or its close associates. Our Group has a large and diversified base of customers and suppliers which are independent from our Controlling Shareholders and/or its close associates. Each of our Group and Far East Horizon Group separately and independently negotiated and entered into the relevant agreements with their respective customers and suppliers.

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Although we have entered into certain continuing connected transactions which will continue after the [REDACTED], such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company in accordance with our pricing policies. Notwithstanding that Far East Horizon Group has provided trademark licensing services, administrative services and office seats leasing services to our Group and will continue to provide such services to our Group, such arrangements will not affect the operational independence of our Group considering (i) all essential administrative functions have been and will be carried out independently by our Group; (ii) save for the trademarks licensed to us under the trademark licensing agreement, our Group has obtained necessary licenses, permits and intellectual property rights material to our business operation; (iii) certain administrative systems shared by our Group and Far East Horizon Group are the platforms owned, managed and maintained by Far East Horizon for all members within its group for centralized management purpose whilst each member has an independent account for self-management; (iv) there is clear division of the office seats and area occupied by our Group in the office building of Far East Horizon Group which will not materially affect our operational independence; and (v) such administrative services and office seats leasing services provided by Far East Horizon Group are readily substituted by suitable alternatives provided by independent third parties in the event that Far East Horizon Group ceases to provide such services to us. Please refer to the section headed "Connected Transactions—Our Continuing Connected Transactions" in this [REDACTED] for details of the continuing connected transactions that will continue after the [REDACTED].

Based on the above, our Directors are of the view that our Company operates independently of our Controlling Shareholders and/or its close associates.

Financial Independence

We have an independent financial and accounting system as well as a separate finance and accounting team which is responsible for our own treasury functions. We can make financial decisions independently, and Far East Horizon does not interfere with our use of funds. In addition, we maintain and manage bank accounts independently and Far East Horizon does not share any bank accounts with us.

All intra-group loans and guarantees provided by our Controlling Shareholders have been fully settled and discharged as of the Latest Practicable Date.

In the ordinary course of our business, our Group has obtained credit facilities from a number of independent financial institutions without any financial assistance provided by Far East Horizon Group. As of December 31, 2022, the total amount of the credit facilities granted by independent financial institutions without any financial assistance provided by Far East Horizon Group was approximately RMB38,216 million, and the total unutilized amount of such credit facilities was approximately RMB10,884 million. In addition, our Group obtained an AA+ credit rating granted by an independent rating agency in September 2020, by which our Group will proactively raise funds from capital markets and expanded direct financing channels in the PRC.

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CORPORATE GOVERNANCE MEASURES

We have adopted or will adopt the following corporate governance measures to manage any potential conflicts of interest and to safeguard the interests of the Shareholders:

- (i) our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. With the expertise in their respective professional fields, our Directors believe that the independent non-executive Directors have the necessary calibre and expertise to form and exercise independent judgment in the event that conflicts of interest between our Company and our Controlling Shareholders arise. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management" in this [REDACTED];
- (ii) no overlapping director holds any executive role concurrently in both our Company and our Controlling Shareholders. Our Company and Far East Horizon will also restrict the members of senior management of our Company from participating in the management of members of Far East Horizon Group, and vice versa;
- (iii) the audit and risk management committee of Far East Horizon and the audit committee of our Company will assist the board of directors of Far East Horizon and our Company in fulfilling the responsibilities by providing an independent review and supervision of, among others, risk management, internal control systems and measures of Far East Horizon and our Company; meanwhile, the remuneration and nomination committee of Far East Horizon and the nomination committee of our Company will from time to time review the overlapping directors' independence in terms of performing their duties as the Director to ensure effective management of conflict of interest;
- (iv) when considering any connected transactions and potentially competing business, the independent non-executive directors of Far East Horizon and our independent non-executive Directors will review the relevant transactions, and where needed, additional independent consultants will be engaged to provide advice to the independent non-executive directors;
- (v) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have 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;

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- (vi) in the event that any potential conflict of interest in connection with our Controlling Shareholders arises at the shareholders' level, our Controlling Shareholders and their close associates shall abstain from voting at the general meeting of our Company with respect to the relevant resolution(s);

- (vii) our Company has adopted internal policies to manage business operation and strictly control potential business competition with Far East Horizon Group. For example, our Group will conduct a series of feasibility analysis before development of new business and entering of new transactions, among which, the head of finance department, the head of legal department and the CFO will jointly review whether there would be any competition implication or relationship with Far East Horizon Group, and if needed, external independent consultant(s), including experts of the industries in which our Group and Far East Horizon Group operate, will be engaged to opine on fairness and independence on such transactions and/or whether there is any competition implication;

- (viii) 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; and

- (ix) any transaction between (or proposed to be made between) our Group and our connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and/or its close associates and our Group, and to protect the interests of our Shareholders.