
RELATIONSHIP WITH SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following the Global Offering, without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the Shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make, and without including shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security, (i) Mr. Qiu will be interested in and will control, through Jesvinco Holdings Limited, a company wholly owned by Mr. Qiu, ten Class A ordinary shares and 9,410,369 Class B ordinary shares, and will also beneficially own 363,000 Class A ordinary shares, representing 27.1% of the aggregate voting power of the Company; and (ii) Mr. Wu will be interested in and will control, through Casvendino Holdings Limited, a company wholly owned by Mr. Wu, 3,890,369 Class B ordinary shares, representing 11.1% of the aggregate voting power of the Company.

Accordingly, following the Global Offering, (i) we do not have controlling shareholder which fall under the Hong Kong Listing Rules; and (ii) Mr. Qiu, Jesvinco Holdings Limited, Mr. Wu and Casvendino Holdings Limited will be regarded as our Substantial Shareholders under the Hong Kong Listing Rules. For more information on the shareholding of Mr. Qiu, Jesvinco Holdings Limited, Mr. Wu and Casvendino Holdings Limited, please see the section “Major Shareholders”.

Our Substantial Shareholders confirm 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.

INDEPENDENCE FROM SUBSTANTIAL SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Substantial Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our board and senior management. Our board consists of eight directors, including five independent directors. For more information, please see the section headed “Directors, Senior Management and Employees.”

Our directors consider that our board and senior management will function independently from our Substantial Shareholders because:

- (a) each director is aware of their fiduciary duties as a director which require, among other things, that they acts for the benefit and in the interest of our Company and do not allow any conflict between their duties as a director and their personal interests;

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- (b) our daily management and operations are carried out by members of our 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;
- (c) we have five independent directors and certain matters of our Company must always be referred to the independent 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 our directors or their respective associates, the interested director(s) is required to declare the nature of such interest before voting at the relevant board meetings of our Company in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Substantial Shareholders which would support our independent management. Please see “Corporate Governance Measures” in this section for further information. Based on the above, our directors believe that our board as a whole and together with our senior management team are able to perform the managerial role independently from our Substantial Shareholders.

Operational Independence

Our Group is not operationally dependent on the Substantial Shareholders. Our Group (through our subsidiaries) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Substantial Shareholders. We also have independent access to our customers and an independent management team to operate our business. Based on the above, our directors believe that we are able to operate independently of our Substantial Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Substantial Shareholders. No loans or guarantees provided by, or granted to, our Substantial Shareholders or their respective associates will be outstanding as of the Listing Date. Based on the above, our directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Substantial Shareholders and their respective close associates after the Listing.