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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang is able to exercise approximately 81.62% voting rights in our Company through 88,000,000 Shares held by Sunho Wisdom, 6,000,000 Shares held by No5XJR and 6,000,000 Shares by Sunho Stellar. Sunho Wisdom is owned as to 99.9% by Sunho Fortune (as a nominee which is wholly owned by a trust established by Mr. Zhang as the settlor and beneficiary) and 0.1% by Innovalue Investments (a wholly-owned subsidiary of Mr. Zhang), respectively. Mr. Zhang is entitled to exercise approximately 73.19% voting rights in No5XJR through Innovalue Investments, details of which are set out in the section headed “History, Reorganization and Corporate Structure” in this document. Sunho Stellar is wholly owned by an independent professional trustee which shall exercise all voting rights attached to the Shares held by Sunho Stellar in accordance with the instructions of Mr. Zhang.

Immediately upon completion of the [REDACTED], Mr. Zhang will be able to exercise approximately [REDACTED]% voting rights in our Company. Therefore, Mr. Zhang, Sunho Fortune, Innovalue Investments, Sunho Wisdom, No5XJR and Sunho Stellar will be considered as a group of Controlling Shareholders under the Listing Rules.

Sunho Fortune, Innovalue Investments, Sunho Wisdom and No5XJR are investment holding companies with no substantive business activities. Sunho Stellar serves as the share incentive platform of our Company. For further details, see “History, Reorganization and Corporate Structure” in this document. For background and biographical details of Mr. Zhang, see “Directors and Senior Management” in this document.

### CLEAR DELINEATION OF BUSINESS

We are a biopharmaceutical company committed to the discovery, development and commercialization of biologics that regulate immune microenvironment by directly modulating both the innate and adaptive immune systems. For details, see “Business” in this document.

### Nanjing Yoko

As of the Latest Practicable Date, apart from the interest in our Group, Mr. Zhang was the chairman of the board of directors of, and through his controlled entities, was entitled to exercise approximately 50.37% voting rights in, Nanjing Yoko, a joint stock company established in the PRC in February 2002 and principally engaged in the R&D, manufacturing and sales of chemical drugs with different application areas and indications, including bacterial infections, analgesia, type II diabetes, respiratory infections and locally advanced or metastatic NSCLC with EGFR mutations. As of the Latest Practicable Date, save for Mr. Zhang, there was no overlap in the board of directors of our Group and Nanjing Yoko, and there had been no sharing of entities, businesses, personnel, premises, facilities and other resources between our Group and Nanjing Yoko. Further, as of the Latest Practicable Date, Mr. Zhang was a substantial shareholder and a director in certain companies which had not commenced any business activities.

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There is a clear delineation of business between our Group and Nanjing Yoko based on the following grounds:

**(a) Different Drug Products by Nature**

Our Group is principally engaged in the discovery, development and commercialization of biologics, which are pharmaceutical products manufactured using biological methods and sources, and are designed to replicate the activity of natural substances.

Unlike our Group, Nanjing Yoko is principally engaged in the R&D, manufacturing and sales of chemical drugs, i.e. small molecule drugs which are pharmaceutical products derived from a production process based on chemical synthesis.

As set forth in the below table, biologics and chemical drugs are significantly distinctive from each other in terms of mechanisms of action, development and production technology, and treatment application and usage.

	<b>Biologics</b>	<b>Chemical drugs</b>
<b>Mechanisms of Action</b>	<ul style="list-style-type: none"><li>• Biologics are biologically derived from living organisms or cells.</li><li>• Biologics have high specificity, which identify antigens on the surface of tumor cells and various receptors, precisely targeting at the cancer cells and reacting distinctively with targets.</li><li>• Biologics can inhibit growth of cells after cells cycles and promote cell apoptosis, so as to kill the cancer cells through a combination of mechanisms involving action between antibody-dependent cell-mediated cytotoxicity (ADCC), complement dependent cytotoxicity (CDC), and antibodies and molecules.</li></ul>	<ul style="list-style-type: none"><li>• Chemical drugs are chemically derived.</li><li>• Chemical drugs are used to treat a variety of diseases and conditions and can be quite diverse in their mechanisms of action.</li><li>• Because of their small size and typical physicochemical properties, small molecules can be effective enzyme inhibitors and allosteric modifiers and can target extracellular proteins or intracellular receptors in the cytosol, nuclei, and central nervous system.</li></ul>

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	<b>Biologics</b>	<b>Chemical drugs</b>
<b>Development and production technology</b>	<ul style="list-style-type: none"><li>• Biologics consist of complicated molecular structures and have high molecular weights. For biologics, structural characterization is more complicated than small molecules, but it is an essential part of the development and quality control process. Various antibody-based assays have been used to address the challenge of quantification of biologics.</li><li>• Biologics involve complicated molecular biology and biological engineering technology, which includes antibody engineering technology, cell culture medium and technology for developing hybridoma producing macromolecular biologics. Production of chemical drugs does not involve such technologies.</li><li>• Given that biologics are sensitive to and vulnerable to changes in the pH, temperature, and osmotic pressure of the environment, the R&amp;D and manufacturing of biologics involve complicated biopharmaceutical technology, a high level of requirements in respect of production specifications, as well as time- and labor-consuming process. Biologics, being more complicated in nature, may take more than one month to manufacture. Based on the above, the production of biologics requires manufacturing facilities separate and distinct from those for chemical drugs.</li></ul>	<ul style="list-style-type: none"><li>• Chemical drugs generally have well-defined chemical structures, and a finished drug can usually be analyzed to determine all its various components through traditional laboratory methods.</li><li>• Development and production of chemical drugs mainly involve technologies for deriving such drugs from chemicals including the technologies for producing (i) freeze-dried chemical powder; (ii) drug tablets, capsules and granules; and (iii) medical patches. Chemical drugs generally take less than a week to manufacture.</li></ul>

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	<b>Biologics</b>	<b>Chemical drugs</b>
<b>Treatment application and usage</b>	<ul style="list-style-type: none"><li>• Biologics are highly specific, and would generally target patients with medical conditions which are suitable for treatment targeting a specific biomarker expressed on body cells. In particular, biologics are used for reinforcing the anti-cancer efficacy of chemical drugs in treatment known as combination therapies. While chemical drugs often have off-target effects, biologics offer a more targeted treatment option as they are designed to interact with the immune system in specific ways, and biologics bind with high specificity to their targets on intracellular components or cell surfaces.</li></ul>	<ul style="list-style-type: none"><li>• As the mechanism of actions of chemical drugs are diverse, chemical drugs would target patients with medical conditions which are suitable for a treatment generally on body cells or a certain type of body cells.</li></ul>

### **(b) Different Application Areas and Indications**

Our Group focuses on biologics that regulate immune microenvironment by directly modulating both the innate and adaptive immune systems. Leveraging our in-depth understanding of immunology, we have developed various types of immunotherapies, including immunocytokines and antibodies, for treatment of cancers and autoimmune diseases.

On the other hand, save for two chemical drugs for treatment of NSCLC, all the chemical drugs of Nanjing Yoko are for treatment of such medical indications as bacterial infections, analgesia, type II diabetes and respiratory infections, which are completely different from the application areas of our product candidates.

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In respect of the two chemical drugs of Nanjing Yoko for treatment of NSCLC, namely, Erlotinib and Gefitinib (collectively, the “**NSCLC Chemical Drugs**”), although our Core Products, IAP0971 and IAE0972, are expected to have indications including, among others, NSCLC, there are clear distinctions between these products and our Core Products, considering that (i) the treatment options of NSCLC vary by molecular subtyping and (ii) the NSCLC Chemical Drugs and our Core Products target mutually exclusive patient groups with entirely different medical conditions with different mechanisms of action, and are not substitutes for each other:

	<b>NSCLC Chemical Drugs</b>	<b>IAP0971</b>	<b>IAE0972</b>
<b>Different target patient groups</b>	<p>The NSCLC Chemical Drugs target NSCLC patients at stage IV with EGFR mutations (a subtype of NSCLC with a different form of EGFR gene from the wild type).</p> <p>EGFR mutations are one of the oncogenic drivers in NSCLC. Chemical drugs known as EGFR-tyrosine kinase inhibitors (such as the NSCLC Chemical Drugs) are primarily recommended throughout the treatment process.</p>	<p>IAP0971 targets patients with EGFR wild type NSCLC (a subtype of NSCLC with a natural EGFR gene (without mutation)) at stage IV and driver-gene negative NSCLC (a subtype of NSCLC without oncogenic drivers) at stage IV.</p> <p>Such medical conditions cannot co-exist within oncogene-driven NSCLC patients with EGFR mutations and therefore, EGFR-tyrosine kinase inhibitors, such as the NSCLC Chemical Drugs, are not applicable to patient groups with such medical conditions.</p>	<p>IAE0972 targets patients with EGFR wild type NSCLC (a subtype of NSCLC with a natural EGFR gene (without mutation)) at stage IV and driver-gene negative NSCLC (a subtype of NSCLC without oncogenic drivers) at stage IV.</p> <p>Such medical conditions cannot co-exist within oncogene-driven NSCLC patients with EGFR mutations and therefore, EGFR-tyrosine kinase inhibitors, such as the NSCLC Chemical Drugs, are not applicable to patient groups with such medical conditions.</p>

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	<b>NSCLC Chemical Drugs</b>	<b>IAP0971</b>	<b>IAE0972</b>
<b>Different mechanisms of action</b>	The NSCLC Chemical Drugs are targeted therapies, and are known as small molecule chemical EGFR-tyrosine kinase inhibitors. Instead of acting on the patient’s immune system to attack cancer cells (which our Core Products, IAP0971 and IAE0972, do), the NSCLC Chemical Drugs target cancer cells with specific EGFR mutations or overexpression of EGFR, and bind to the intracellular catalytic domain of EGFR tyrosine kinase, thereby inhibiting EGFR autophosphorylation and downstream signaling.	IAP0971 is a type of large molecule biological immunotherapy. It is designed to adopt the structure of an intact bivalent anti-PD-1 antibody in combination with a monovalent IL-15. It is expected to target the PD-1/PD-L1 signaling pathway to relieve the immunosuppression in the tumor microenvironment, and in the meantime, deliver IL-15 to the tumor, and thus locally activates and enhances antitumor functions of immune cells, leading to a significantly enhanced antitumor immunity.	IAE0972 is a type of large molecule biological immunotherapy. It is designed to adopt the structure of monovalent anti-EGFR antibody fused with homodimer of IL-10. It blocks the EGFR signaling pathway to kill EGFR-positive tumor cells and specifically delivers IL-10 to the targeted tumor site to activate the immune system by reinvigorating antigen specific CD8+ T cells and facilitating its proliferation, and inhibiting tumor growth.

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Based on the above, we consider that there is a clear delineation of business between our Group and Nanjing Yoko and the business of Nanjing Yoko does not compete and is unlikely to compete, directly or indirectly, with the business of our Group. As such, as of the Latest Practicable Date, our Controlling Shareholders 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 the business of our Group, and which requires disclosure under Rule 8.10 of the Listing Rules.

In view of the clear business delineation as set out above, our Company considers that (i) Nanjing Yoko has a different business focus from our Group and provides chemical drugs that are not and will not be otherwise offered by our Group, (ii) the business of Nanjing Yoko (i.e. the R&D, manufacturing and sales of chemical drugs with a diversified application areas and indications) is not in line with the strategic direction of the development of our Group, (iii) Nanjing Yoko is a commercial-stage pharmaceutical company with more than ten years’ experience of successful commercialization of chemical drugs and is at a different development stage as compared to our Group as a clinical-stage biopharmaceutical company, (iv) the inclusion, and thereby operation, of Nanjing Yoko within our Group will require significant management and internal resources and may divert our management’s attention and time from the operation and development of our core businesses, and (v) the exclusion of Nanjing Yoko from our Group will give a clear focus to our investors. As such, we believe that it is not in the best interest of our Group or our Shareholders to include Nanjing Yoko in our Group.

### Nanjing Bode

Nanjing Bode Biological Pharmaceutical Co., Ltd. (南京博德生物製藥有限公司) (“**Nanjing Bode**”) is a limited liability company established in the PRC in March 2003. In September 2014, Mr. Zhang acquired, through his holding vehicles, the entire equity interest in Nanjing Bode from Mr. ZHU Zhenfei (朱振飛) (“**Mr. Zhu**”) and Nanjing Chenhe Pharmaceutical Technology Co., Ltd. (南京辰和醫藥科技有限公司), which in turn was held as to 40% by Mr. YUAN Jingsong (袁勁松) and 60% by Ms. LI Xinyuan (李欣園), respectively. Each of Mr. Zhu, Nanjing Chenhe Pharmaceutical Technology Co., Ltd., Mr. YUAN Jingsong and Ms. LI Xinyuan is an Independent Third Party. Mr. Zhang first became acquainted with Mr. Zhu at a business event in 2006 and Mr. Zhu has been an external legal consultant to our Group since the establishment of SunHo (China) BioPharmaceutical in April 2018. Further, Mr. Zhang became acquainted with Mr. YUAN Jingsong (a shareholder of Nanjing Chenhe Pharmaceutical Technology Co., Ltd.) through Mr. Zhu in 2014. Following the acquisition by Mr. Zhang, Nanjing Bode has been principally engaged in R&D, manufacturing and sales of small molecule active pharmaceutical ingredients, which are raw materials for production of chemical drugs and are not used in production of biologics. There is no past or present business relationship between Nanjing Bode and Nanjing Yoko.

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During the Track Record Period, Nanjing Bode leased premises and sold certain equipment to us, which was on an arm’s length basis and in the ordinary course of our business operation. For further details, see “Business — Suppliers and Raw Materials — Suppliers” in this document. In addition, during the Track Record Period, to support the daily operation and the R&D activities of our Group, Nanjing Bode also provided financial support to us in the form of loans mainly by utilizing the cash generated from its business operations, as it was generally difficult for us to obtain bank facilities on favorable terms as a clinical-stage private biopharmaceutical company with no external investor before the Pre-[REDACTED] Investments. Specifically, in July 2020, December 2020 and December 2021, respectively, Nanjing Bode entered into three loan agreements with us, pursuant to which Nanjing Bode agreed to make available revolving loan facilities at a maximum amount of RMB100.0 million each, with a term of three years at a fixed interest rate of 3% per annum. In 2022, after taking into account, among others, that (i) our Group was in need of a significant amount of funds to explore and advance the clinical development of our drug candidates, and (ii) the business of our Group, being the discovery, development and commercialization of biologics, was considered by Mr. Zhang to be with more potential in sustainable growth than that of Nanjing Bode, Mr. Zhang, who has been one of our Controlling Shareholders and was the then sole beneficial owner of Nanjing Bode, decided to further re-arrange his investment layout between Nanjing Bode and our Group, and to re-allocate his financial resources into our Group to maximize the efficiency of fund utilization within his various investments at that time and to improve our financial position to facilitate our development and equity financings from potential investors. As such, Nanjing Bode entered into an irrevocable and unconditional loan waiver agreement with us for a loan waiver in the amount of RMB180.0 million on December 30, 2022, which resulted in a corresponding increase in our capital reserve of RMB180.0 million in 2022. Following the waiver in respect of the loans, in December 2023, all of the loan principal and interests due to Nanjing Bode had been repaid by us in full.

In July 2023, Mr. Zhang transferred his entire indirect equity interest in Nanjing Bode to a holding vehicle indirectly wholly owned by an Independent Third Party, who is a university professor and first became acquainted with Mr. Zhang at an academic conference in 2020, at a consideration of RMB1.00, in order to better focus on his business ventures in our Group and Nanjing Yoko. The consideration of the transfer of equity interest in Nanjing Bode was determined after arm’s length negotiations with reference to the negative net asset value of Nanjing Bode of approximately RMB(62,865,000) as at March 31, 2023, as appraised by an independent valuer in a valuation report. As a result, Nanjing Bode has ceased to be a related party to us and become an Independent Third Party since July 2023. Save for the transfer of the entire equity interest in Nanjing Bode, there is no past or present relationship, transaction, agreement or arrangement between the purchaser and our Company, our subsidiaries, Shareholders, Directors or senior management or any of their respective associates.



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### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [REDACTED], taking into consideration of the factors below.

#### Management Independence

Our Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

- (a) none of the business undertaken or carried on by Mr. Zhang or his close associates outside of our Group competes with our business and therefore, the dual roles assumed by Mr. Zhang in our Group and Nanjing Yoko will not affect the requisite degree of impartiality of Mr. Zhang in discharging his fiduciary duties owed to our Company;
- (b) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see “Directors and Senior Management” in this document;
- (d) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;
- (e) 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; 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 which would support our independent management. For further details, see “— Corporate Governance Measures” in this section.

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### Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

### Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

In addition, we are capable of obtaining equity and debt financings from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. In particular, we obtained the Pre-[REDACTED] Investments totalling RMB270.18 million from Efung Capital and Yuexiu Industrial Investment Fund in August 2023 and October 2023, a line of credit in the amount of RMB60 million granted by China CITIC Bank Corporation Limited (Nanjing Branch) in September 2023 with a drawdown period of one year, and a line of credit in the amount of RMB30 million from China Merchants Bank Co., Ltd. (Nanjing Branch) in January 2024 with a drawdown period of one year.

During the Track Record Period, we obtained loans from Nanjing Bode which was indirectly wholly owned by Mr. Zhang prior to July 2023. All of the loan principal and interests due to Nanjing Bode had been repaid by us in full in December 2023. For further details, see “— Clear Delineation of Business — Nanjing Bode” in this section.

As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates, and our Company did not plan to have any additional non-trade related party transactions in the future.

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 our Controlling Shareholders and their close associates after [REDACTED].

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### NON-COMPETITION UNDERTAKING

Mr. Zhang [has provided] a non-competition undertaking (the “**Non-competition Undertaking**”), pursuant to which Mr. Zhang has unconditionally and irrevocably undertaken that he will not, and will use his best endeavors to procure his close associates (except any member of our Group) not to, whether directly or indirectly, as principal or agent either on his/their own account or in conjunction with or on behalf of any person, engage in any business that competes, or is likely to compete, directly or indirectly with our Group (the “**Restricted Business**”).

In addition, under the Non-competition Undertaking, Mr. Zhang unconditionally and irrevocably granted us the option to acquire new business opportunities, options for acquisitions, and pre-emptive rights in respect of the Restricted Business.

### Options for New Business Opportunities

Mr. Zhang has unconditionally and irrevocably undertaken in the Non-competition Undertaking that he will first offer any investment or other commercial business opportunities in the Restricted Business (a “**New Business Opportunity**”) to us in the following manner when such New Business Opportunity becomes available to him:

- (a) within 20 Business Days when any New Business Opportunity becomes available to him, he will refer the New Business Opportunity to us and will inform us in writing all information (including but not limited to details of the nature and investment or acquisition cost of such New Business Opportunity) which is necessary and reasonably required for us to consider (i) whether such New Business Opportunity will compete with our business and (ii) whether it is in the interest of our Group to engage in such New Business Opportunity (the “**Offer Notice**”);
- (b) our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up any New Business Opportunity. Within seven Business Days of receipt of an Offer Notice, we will notify our independent non-executive Directors for their consideration. Our Company shall inform Mr. Zhang in writing within 20 Business Days after receipt of the Offer Notice about our decision on whether the New Business Opportunity will be pursued;
- (c) Mr. Zhang will only be entitled to engage in the New Business Opportunity until the earlier of: (i) the receipt by Mr. Zhang of a written notice from us declining the New Business Opportunity, or (ii) our failure to respond within 20 Business Days of our receipt of the Offer Notice; and
- (d) if there is any material change in the terms and conditions of the New Business Opportunity after the referral, Mr. Zhang shall refer the New Business Opportunity with the revised terms and conditions to us again in the manner as stated above.

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Mr. Zhang has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any New Business Opportunity offered to them in accordance with the same procedures as described above.

### Options for Acquisition

In relation to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by Mr. Zhang or any of his close associates, Mr. Zhang has granted us the option to purchase any equity interests, assets or other interests which form part of the new business, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. The consideration and other terms for the acquisition of the new business will be determined after arm’s length negotiation between Mr. Zhang or his close associate(s) (as the case may be) and us. Our independent non-executive Directors will be responsible for regularly reviewing, considering and deciding whether or not to exercise the options for acquisition.

### Pre-emptive Rights

Mr. Zhang has unconditionally and irrevocably undertaken that if he intends to transfer, sell, lease, license or by any other means transfer or grant the right to any New Business Opportunity which has been offered to but has not been taken up by us, and has been retained by him (the “**Proposed Transaction**”), then we shall have the pre-emptive right to be offered the Proposed Transaction on the same terms as, and before or at the same time of, the offer of the Proposed Transaction to any third party, to the extent such arrangement is not in violation of any applicable laws and regulations, the articles of association, or any contractual arrangements with any third parties. Mr. Zhang shall notify us of the Proposed Transaction by written notice (the “**Selling Notice**”), to which the terms of the Proposed Transaction and all information reasonably required by us to make a decision on whether or not to exercise our pre-emptive right shall be attached.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our pre-emptive rights. Within seven Business Days of receipt of a Selling Notice, we will notify our independent non-executive Directors and furnish them with necessary information for their consideration. Our Company shall inform Mr. Zhang in writing within 20 Business Days after receipt of the Selling Notice about our decision on whether the Company will exercise the pre-emptive rights. If we decide to exercise our pre-emptive right, the terms will be determined between Mr. Zhang and us in accordance with applicable laws and regulations and principles of fairness and reasonableness.

Mr. Zhang will only be entitled to engage in the Proposed Transaction with any third party until the earlier of: (i) the receipt by Mr. Zhang of a written notice from us declining to exercise the pre-emptive right, or (ii) our failure to respond within 20 Business Days of our receipt of the Selling Notice.

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Mr. Zhang has further unconditionally and irrevocably undertaken that he shall procure his close associates to first offer to us any Proposed Transaction in accordance with the same procedures as described above.

In order to monitor ongoing compliance with the Non-competition Undertaking, we intend to adopt the following measures:

- (a) provision to our independent non-executive Directors of any Offer Notice or Selling Notice received within seven Business Days of receipt;
- (b) disclosure in our annual reports of the confirmation by Mr. Zhang of compliance with the Non-competition Undertaking by him, including that all relevant notices and pre-emptive offers have been given to us for all relevant business opportunities; and
- (c) disclosure in our annual reports of the findings of our independent non-executive Directors on each Offer Notice or Selling Notice received, and the basis of their decision(s) (where applicable).

The Non-competition Undertaking will terminate upon the earlier of:

- (a) Mr. Zhang and his close associate(s) (except any member of our Group), directly or indirectly, ceasing to hold 30% or more voting rights in aggregate of our total share capital, ceasing to have control the composition of a majority of our Board, or ceasing to be Controlling Shareholders; and
- (b) our Shares no longer being [REDACTED] on the [REDACTED] (save for [REDACTED]).

## CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) under the Articles of Association, where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

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- (b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (c) our Board consists of a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), with independent non-executive Directors representing not less than one-third of our Board 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 to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- (e) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders’ interests as a whole after [REDACTED].