
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Ms. Yin, through Jovie Trust and its holding vehicles Jovie Holding Limited and Beyond Branding, is able to exercise 29.75% voting rights in our Company; (ii) Ms. YIN Juelian (殷珏蓮), through Helena Trust and its holding vehicles Helenatest Holding Limited and Q-robot, is able to exercise 3.63% voting rights in our Company; (iii) Mr. CAO Liwen (曹理文), through Liwen Trust and its holding vehicles Iwan Holding Limited and Kiosk Joy, is able to exercise 3.63% voting rights in our Company; (iv) Mr. WU Wenhong (吳文洪), through his holding vehicle INSIGMA, is able to exercise 1.81% voting rights in our Company; (v) Mr. HUANG Aihua (黃愛華), through his holding vehicles NeoWay Holding Limited and NeoBox, is able to exercise 1.81% voting rights in our Company; and (vi) Mr. QIAN Jun (錢俊), through his holding vehicle Q-robot shop, is able to exercise 1.81% voting rights in our Company.

On June 27, 2023, the Concert Parties (namely Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊)) entered into an acting-in-concert agreement to confirm that they have been acting in concert by aligning their votes and following Ms. Yin’s directions when exercising their voting rights at the shareholders’ meetings in our Group since they became interested in Shanghai Quna, respectively, and they also acknowledged and agreed that they had and would continue to, for so long as they remain interested in the Shares, defer their voting powers through their respective holding vehicles and family trusts to Ms. Yin. For details, please refer to the paragraph headed “History, Reorganization and Corporate Structure – Acting-in-Concert Agreement” in this document. As of the Latest Practicable Date, the Concert Parties were entitled to exercise approximately 42.45% of the voting power at general meeting of our Company. Immediately upon completion of the [REDACTED] (assuming the options granted under the Stock Incentive Plan are not exercised), the Concert Parties will be entitled to exercise approximately [REDACTED]% of the voting power at general meetings of our Company. Therefore, the Concert Parties together with the relevant holding vehicles (i.e. Jovie Holding Limited, Beyond Branding, Helenatest Holding Limited, Q-robot, Iwan Holding Limited, Kiosk Joy, INSIGMA, NeoWay Holding Limited, NeoBox and Q-robot shop), are considered as a group of our Controlling Shareholders upon [REDACTED].

For further details relating to each of the Concert Parties, please refer to the sections headed “History, Reorganization and Corporate Structure” and “Directors and Senior Management” in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders confirms that she/he/it does 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, which would require disclosure under Rule 8.10 of the Listing Rules.

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

Management Independence

Our Board comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Please refer to the section headed “Directors and Senior Management” in this document for more details of our Directors. The daily operation of our Group is carried out by an independent experienced management team, and we have capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources and business management on a standalone basis.

Each Director is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefits and in the best interest of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests. Further, we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board. In addition, our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We hold all requisite licenses and intellectual properties that are material to the operation of our business. Please refer to the paragraph headed “Business – Licenses, Permits and Regulatory Approvals” in this document and the paragraph headed “Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights” in Appendix IV to this document for details. We have independent access to distributors, suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders. We have established our own sales and marketing, finance, legal and general administrative functions which operate independently from our Controlling Shareholders.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

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Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs. We have an independent internal control and accounting system and also have an independent finance department with a team of financial staffs and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

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

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders or their close associates shall not vote on the relevant resolutions and shall not be counted in the quorum for the voting;
- (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 close associates, our Company will comply with the applicable Listing Rules;
- (c) our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;
- (e) 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

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- (f) we have appointed Innovax Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations 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/will be put in place to manage conflict of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [REDACTED].