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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

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### **OUR CONTROLLING SHAREHOLDERS**

Mr. Gao is one of our non-executive Directors. As of the date of this document, Mr. Gao, through Vastocean Capital Limited, his wholly-owned investment holding vehicle, is interested in 66.86% of the issued shares capital of our Company. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Gao will, indirectly and beneficially, be entitled to exercise [REDACTED]% of the voting power at general meetings of our Company. Accordingly, upon [REDACTED], Mr. Gao and Vastocean Capital Limited will constitute a group of controlling shareholders of our Company under the Listing Rules.

### **INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS**

Each of our Controlling Shareholders confirms that he/it does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that, we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after [REDACTED].

#### **Management Independence**

Our Board comprises two executive Directors, three non-executive Directors and three independent non-executive Directors, of whom Mr. Gao is our Controlling Shareholder as detailed above.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts in good faith 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 interests. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective close associates, 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 above, our Directors are satisfied that our Board as a whole together with our senior management is able to perform the managerial role in our Group independently of our Controlling Shareholders and their respective close associates after [REDACTED].

#### **Operational Independence**

We have full rights to make all decisions on, and to carry out, our own business operations independently from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED]. Our Group is able to operate without reliance on our Controlling Shareholder and his close associates.

#### ***Licenses required for operation***

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our own business independent of our Controlling Shareholders.

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### *Access to customers, suppliers and business partners*

Our Group has a large and diversified base of customers who are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to our customers, our suppliers as well as our other business partners.

### *Operational facilities*

Our Group has sufficient production facilities and technology to operate its business independently from our Controlling Shareholders and their respective close associates.

### *Employees*

As of the Latest Practicable Date, all of our full-time employees were recruited independently from our Controlling Shareholders and their respective close associates and primarily from the open market through both internal referrals and external sources such as recruitment advertisements, recruitment agencies and online platforms.

### **Financial Independence**

All loans, advances and balances due to or from the Controlling Shareholders or their respective close associates which were not arising out of the ordinary course of business will be fully settled upon [REDACTED]. All share pledges and guarantees provided by the Controlling Shareholders or their respective close associates on the borrowings of our Group and vice versa will be fully released upon [REDACTED].

In addition, 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 Controlling Shareholders and their respective close associates.

## **CORPORATE GOVERNANCE MEASURES**

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest between our Group and our Controlling Shareholders. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Group enters into connected transactions with our Controlling Shareholders or their respective close associates, our Company will comply with the applicable requirements under the Listing Rules;
- (b) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his close associates has any material interest, our Controlling Shareholders and their respective close associates (as applicable) will not vote on the resolutions and shall not be counted in the quorum for the voting;

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- (c) our Board consists of a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and sufficient experience to perform their duties. They are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders;
- (d) we have appointed BOCOM International (Asia) Limited as our compliance adviser, which will 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 Directors' duties and corporate governance matters;
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual report that such transactions (if any) have been entered into in our ordinary and usual course of business, either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.