
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Ms. Chen controlled 43.22% of the voting power at the general meetings of our Company, comprising (1) 27.10% beneficially owned by her directly, (2) 9.23% beneficially owned by Ningbo Xiu’an, which is controlled by Ms. Chen as its general partner, and (3) 6.89% beneficially owned by Tianjin Duoying, which is controlled by Ms. Chen as its general partner. Upon the [REDACTED], Ms. Chen will control [REDACTED]% of the voting power at the general meetings of our Company, comprising (i) [REDACTED]% beneficially owned by her directly, (ii) [REDACTED]% beneficially owned by Ningbo Xiu’an, and (iii) [REDACTED]% beneficially owned by Tianjin Duoying, assuming the [REDACTED] is not exercised. Therefore, Ms. Chen, Ningbo Xiu’an and Tianjin Duoying were our Controlling Shareholders as of the Latest Practicable Date and will continue to be our Controlling Shareholders upon the [REDACTED].

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Controlling Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [REDACTED], our Board will comprise of four executive Directors, two non-executive Directors and four independent non-executive Directors. Our Company has also established the Board of Supervisors, comprising three Supervisors. See “Directors, Supervisors and Senior Management” for more information.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

- (1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (2) 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 Directors 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;

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- (3) we have four independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Articles of Associations and internal policies;
- (4) our daily management and operations are carried out by a senior management team. Except Ms. Chen herself, our senior management team members are independent from our Controlling Shareholders, 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 interest of our Group;
- (5) we have established a Board of Supervisors comprising three Supervisors who are independent from our Controlling Shareholders. Our Supervisors shall be responsible for the supervision of performance of our Directors and the senior management team, including monitoring any acts of a Director or senior management member which may be detrimental to the interests of our Company; and
- (6) 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. See “—Corporate Governance.”

Operational Independence

Independent Operations

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Related Party Transactions and Connected Transactions

Apart from the interest in our Group, as of the Latest Practicable Date, Ms. Chen also served as a non-executive director at Guomai Xin'an Technology Co., Ltd. (北京國脈信安科技有限公司) (“Guomai Xin'an”) and indirectly held equity interest in Guomai Xin'an as to 33.42%. During the Track Record Period, Guomai Xin'an entered into certain related party transactions with our Group.

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Guomai Xin’an has provided us with the information security solutions, consisting of electronic signature software and relevant hardware devices (including cryptographs and servers), relying on its self-developed encryption-centered application technology, since 2020. For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the amount of our procurement of information security solutions from Guomai Xin’an was RMB1.06 million, RMB0.82 million, RMB0.07 million and RMB0.02 million, respectively. In addition, leveraging its local operation team, Guomai Xin’an also assisted us in Heilongjiang in coordination with the local tax authorities and the local transaction documents processing to comply with the tax authorities’ administrative requirements for our contingent workforce management business. The local transaction documents processing services primarily consist of the application for and printing and delivery of paper invoices. For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the amount of the service fee paid by our Group for Guomai Xin’an’s services of local tax authorities coordination and transaction documents processing was RMB1.10 million, RMB2.20 million, RMB2.81 million and RMB5.06 million, respectively. In 2022, Guomai Xin’an also assisted us in providing local technical supports to a few clients and such local technical supports were all one-off transactions completed by the end of 2022. The aggregate amount of the service fee paid by our Group for such local technical supports in 2022 was RMB1.40 million.

Our related party transactions with Guomai Xin’an were entered into on normal commercial terms and in the ordinary and usual course of business of our Group. See “Financial Information—Related Party Transactions” and Note 42 to the Accountants’ Report in Appendix I to this document for details. After the [REDACTED], it is expected that Guomai Xin’an will no longer provide our Group with the local supporting services (including local tax authorities coordination, transaction documents processing and technical supports) and our future procurements of information security solutions from Guomai Xin’an from time to time will be de minimis connected transactions under Rule 14A.76 of the Listing Rules.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group’s accounting and finance functions are independent of our Controlling shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group’s major finance operations are handled by our financial management department, which operates independently from our Controlling Shareholders and their close associates. We do not share any other functions or resources with any of our Controlling Shareholders or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from our Controlling Shareholders or any of their respective close associates.

Based on the above our Directors believe that our Group is able to operate with financial independence from our Controlling Shareholders and their close associates.

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CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

- (1) 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 will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (2) our Company has established internal control mechanism to identify connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;
- (3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company’s expense;
- (4) we have appointed Guotai Junan Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;
- (5) we have established the audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;
- (6) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and
- (7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.