
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Mr. Xie and Mr. Zhou (pursuant to the Concert Deed), together with Fangrong Management Limited, Fangzhan Holdings L.P., Xingyu Holdings L.P., Celaeno Group Limited, Silica Brothers Corp. and Asia Tech Investments Ltd., are acting together as a group of Controlling Shareholders. Immediately following completion of the [REDACTED] (assuming the weighted voting rights structure is cancelled and without taking into account the Shares which may be allotted and issued upon the exercise of the [REDACTED]), our ultimate Controlling Shareholders, Mr. Xie (through Fangrong Management Limited, a limited liability company wholly-owned by Mr. Xie, Fangzhan Holdings L.P. and Xingyu Holdings L.P., each a limited partnership whose general partner is Xingyu Inc., a company wholly owned by Mr. Xie) and Mr. Zhou (through his wholly-owned companies, i.e. Celaeno Group Limited and Silica Brothers Corp.) will indirectly hold 276,605,527 Shares and 236,624,057 Shares in our Company, representing approximately [REDACTED]% and [REDACTED]% of shareholding interest in the Company, respectively.

Asia Tech Investments Ltd. is a platform holding the underlying incentive shares granted to our Directors and senior management in the total amount of 116,875,898 Class A Ordinary Shares under the RSU Scheme. As approximately 51.34% and 48.41% of interest in Asia Tech Investments Ltd. were held by Mr. Xie and Mr. Zhou, respectively, each of Mr. Xie and Mr. Zhou is deemed to be interested in the Shares of the Company held by Asia Tech Investments Ltd. in accordance with SFO, representing approximately [REDACTED]% of shareholding interest in the Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).

[REDACTED], Mr. Xie and Mr. Zhou were conferred by Tech-Med Investments (S) Pte. Ltd. to exercise the voting rights attached to 138,430,610 Shares held by Tech-Med Investments (S) Pte. Ltd. through a deed of voting proxy, representing approximately [REDACTED]% of shareholding interest in the Company immediately following the completion of the [REDACTED]. The voting proxy arrangement will take effect immediately before the [REDACTED]. For details, see “History, Reorganization and Corporate Structure—Deed of Voting Proxy.”

Therefore, immediately following completion of the [REDACTED] (assuming the weighted voting rights structure is cancelled and without taking into account the Shares which may be allotted and issued upon the exercise of the [REDACTED]), Mr. Xie and Mr. Zhou (together with Fangrong Management Limited, Fangzhan Holdings L.P., Xingyu Holdings L.P., Celaeno Group Limited, Silica Brothers Corp. and Asia Tech Investments Ltd.) as a group of Controlling Shareholders, by virtue of their shareholding together with the voting proxy conferred upon them as mentioned above, will control an aggregate of [REDACTED] Shares, representing approximately [REDACTED]% of shareholding interest in our Company.

Please see the section headed “Substantial Shareholders” for details of the shareholding interest of our Controlling Shareholders.

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COMPETITION

As of the Latest Practicable Date, none of the Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

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

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management.”

Immediately following completion of the [REDACTED], Mr. Xie and Mr. Zhou will hold directorships in our Controlling Shareholders and their respective close associates as set out below:

Name	Our Company		Our Controlling Shareholders	
	Positions	Responsibilities	Positions	Responsibilities
Mr. Xie	Executive Director	Overall business management of the Group	Sole director of Fangrong Management Limited	As confirmed by Mr. Xie, the company is special purpose vehicle for investment holding purpose.
Mr. Zhou	Executive Director	Strategic planning, operation and investment and financing of the Group	Sole director of each Celaeno Group Limited and Silica Brothers Corp.	As confirmed by Mr. Zhou, these companies are special purpose vehicles for investment holding purpose.

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Our Directors consider that our Board as a whole and members of the senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from the Controlling Shareholders and their close associates. We consider that the roles of Mr. Xie and Mr. Zhou as the Controlling Shareholders will not materially impact their abilities to discharge their duties of skill, care and diligence to our Group for the following reasons:

- (a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by a 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 three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive 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 Controlling 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 Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. Our Group (through our subsidiaries and Consolidated Affiliated Entities) holds all material licenses and owns all relevant intellectual properties 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 an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

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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 Controlling Shareholders. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates.

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 Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

The Company and the Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) under the Articles, where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to vote only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [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) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders 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, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

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- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expense;
- (g) we have appointed Somerley 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; and
- (h) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules. All of the members of our audit committee, including the chairman, are independent non-executive Directors.

Based on the above, our Directors are satisfied 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 minority Shareholders’ interests after the [REDACTED].