

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalization Issue and the Global Offering, our Controlling Shareholders will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised). Other than Mr. Zhou's interest in Investgain and Fame Smart, both of which, through their interest in United Holdings, were interested in the PRC subsidiaries in our Group prior to the Reorganization and which are investment holding companies and do not have any competing business with our Group as of the Latest Practicable Date, none of our Controlling Shareholders nor any of their respective associates had interest in any other companies which (i) held interest in our business during the Track Record Period and ceased to hold such interest after the Reorganization; or (ii) may, directly or indirectly, compete with our Group's business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates after the Global Offering.

Management Independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Zhou, our Controlling Shareholder, is the chairman of our Board and an executive Director.

Each of our Directors is aware of his or her fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interest. 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, according to our Articles, the interested Director(s), unless required by a majority of our independent non-executive Directors, shall not attend or participate in the discussion of the relevant resolutions at the relevant board meetings of our Company shall abstain from voting at the relevant resolutions in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

Operational Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. Our Group has independent access to sources of supplies or raw materials for production as well as customers. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Directors confirmed that our Group will not enter into any other transactions of similar nature with our Connected Persons and their associates after the Listing that will affect our operational independence.

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Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that as of the Latest Practicable Date, all financial assistance, including amounts due to, and loans or guarantees provided by our Controlling Shareholders to our Group, were repaid or released or otherwise settled in full. Therefore, there is no financial dependence on our Controlling Shareholders.

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into a deed of non-competition in favour of our Company for itself and for the benefit of its subsidiaries ("Deed of Non-competition"), pursuant to which each of our Controlling Shareholders has undertaken to our Company (for itself and for the benefit of its subsidiaries) irrevocably that such Controlling Shareholder would not and would procure that its or his associates (except any members of our Group) would not, during the period that the Deed of Non-competition remains effective, directly or indirectly, either on such Controlling Shareholder's own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time (the "**Restricted Business**").

The above undertaking does not apply where:

- (a) the holding by our Controlling Shareholders of interests in the shares of a company other than our Group which are listed on a Recognized Stock Exchange (as defined in the Deed of Non-competition) provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 5% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (ii) the total number of the shares held by our Controlling Shareholders and/or their respective associates in aggregate does not exceed 5% of the issued shares of that class of our company in question and such Controlling Shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate.

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- (b) any opportunity to invest, participate, be engaged in and/or operate any Restricted Business has first been offered or made available by our Controlling Shareholders and/or their respective associates to us, and after decision by our independent non-executive Directors and approval by our Shareholders (if required) under the relevant laws and regulations (including but not limited to the Hong Kong Listing Rules) and in accordance with our Articles of Association, has declined in writing such opportunity to invest, participate, be engaged in or operate the Restricted Business, and that the principal terms by which such Controlling Shareholder (or his or its respective associates) subsequently invests, participates, engages in or operates the Restricted Business are no more favourable than those offered to the member of our Group.

Pursuant to the Deed of Non-competition, the above restrictions would only cease to have effect upon the earlier of: (i) the Shares of our Company cease to be listed on the Hong Kong Stock Exchange; and (ii) in relation to each Controlling Shareholder, such Controlling Shareholder ceases to hold an equity interest in our Company (directly or indirectly) and (iii) the relevant Controlling Shareholders and/or their respective associates jointly or severally are entitled to exercise or control the exercise of less than 30% in aggregate of the voting power at general meetings of our Company and no longer the single largest shareholder of our Company. For the avoidance of doubt, under scenario (ii), if the relevant Controlling Shareholder (or its associate(s)), through other means or entities, continues to be, jointly or severally, entitled to exercise or control the exercise of not less than 30% in aggregate of the voting rights at general meetings of our Company and remains as the single largest shareholder of our Company, the Deed of Non-competition shall cease to have effect only against the Controlling Shareholder(s) who or which do not directly hold any Shares in our Company, but shall continue to have effect against the other entities through which such Controlling Shareholder (or its associate(s)) hold Shares (directly or indirectly) in our Company.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage any conflicts of interest arising from the competing business of our Controlling Shareholders and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors will review, at least on an annual basis, the compliance with the undertaking given by our Controlling Shareholders under the Deed of Non-competition;
- (ii) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;

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- (iii) the decisions on whether to exercise the Deed of Non-competition will be made by our independent non-executive Directors only without the need for approval by our other Directors;
- (iv) our Company will disclose factors or matters reviewed and considered by our independent non-executive Directors relating to compliance and exercise of the Deed of Non-competition, including but not limited to whether there has been any opportunity in Restricted Business being referred by our Controlling Shareholders to us, the prospects of such opportunity and the potential implications to our operations if we have taken up the same, in the annual reports of our Company;
- (v) our independent non-executive Directors may engage external professional advisors at the Company's cost to assist them in deciding whether to exercise the company's rights under the Deed of Non-competition should they consider necessary;
- (vi) our Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of our Company.