
RELATIONSHIP WITH MR. TANG GUOQIANG, PEACE LINK AND THE OTHER DIRECTORS

I. RELATIONSHIP WITH MR. TANG GUOQIANG AND PEACE LINK

Immediately after completion of the Global Offering and the Capitalization Issue, Mr. Tang Guoqiang will, through Peace Link (a company which is wholly owned by him), effectively own 29.65% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised), which constitutes the single largest shareholding in the Company. Neither Mr. Tang Guoqiang, nor Peace Link, nor any of his or its respective associates had interests in any company (other than the Group) which, as of the Latest Practicable Date, directly or indirectly held interest in a business that may, directly or indirectly, compete with the Group's business.

INDEPENDENCE FROM MR. TANG GUOQIANG AND PEACE LINK

Having considered the matters described above and the following factors, we believe that the Group is capable of carrying on its business independently of Mr. Tang Guoqiang, Peace Link and his or its respective associates after the Global Offering:

Management Independence

The Board comprises three executive Directors and three independent non-executive Directors. Mr. Tang Guoqiang, is our executive Director and Chairman.

Each of the Directors is aware of his fiduciary duties as a Director of the Company which require, among other things, that he acts for the benefit and in the best interests of the 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 the Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings 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 the Group.

Having considered the above factors, the Directors are satisfied that they are able to perform their roles in the Group independently, and the Directors are of the view that we are capable of managing our business independently from Mr. Tang Guoqiang and Peace Link after the Global Offering.

Operational Independence

We have established our own set of organizational structure made up of individual departments, each with specific areas of responsibilities. The Group has independent access to sources of supplies or raw materials for production as well as customers. We have also established a set of internal controls to facilitate the effective operation of our business.

Financial Independence

The Group has an independent financial system and makes financial decisions according to our own business needs. The Directors confirm that, as of the Latest Practicable Date, we do not have any outstanding loans or guarantees provided by Mr. Tang Guoqiang or Peace Link. Therefore, we are not financially dependent on Mr. Tang Guoqiang or Peace Link.

II. RELATIONSHIP WITH THE OTHER DIRECTORS

As of the Latest Practicable Date, none of the other Directors or any of their respective associates had interests in any company (other than the Group) which, directly or indirectly held interest in a business that may, directly or indirectly, compete with the Group's business.