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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering and the Capitalization Issue, High Score will hold approximately 36.59% of the then issued share capital of our Company (assuming the Over-allotment Option is not exercised). Since the entire issued share capital of High Score is owned by Mr. Chen Yixi, both High Score and Mr. Chen Yixi are our Controlling Shareholders. Other than their interests in our Group, as of the Latest Practicable Date, our Controlling Shareholders and their associates were also interested in entities principally engaging in apparel retail and distribution, real estate, property management and book retail chain businesses (the “**Excluded Businesses**”).

We are primarily engaged in the design, manufacture and sale of women’s footwear in China. Our Directors have confirmed that the Excluded Businesses (i) are not within the principal business scope of our Group; and (ii) the Excluded Businesses have their own operational management staff independent of our Group for their core operations. In light of the foregoing, our Directors are of the view that there is a clear delineation between our business and the Excluded Businesses and that the Excluded Businesses do not compete with our business.

### DEED OF NON-COMPETITION

Each of our Controlling Shareholders and our Directors has confirmed that it/he is neither engaged, nor interested, in any business which, directly or indirectly, competes or is likely to compete with our business.

To better safeguard our Group from any potential competition, each of the Covenantors has entered into the Deed of Non-competition with our Company to the effect that each of them, irrevocably and unconditionally, undertakes with our Company (for itself and for the benefit of each member of our Group) that with effect from the Listing Date and for as long as our Shares remain listed on the Stock Exchange, each of the relevant Covenantors or its associates (other than our Group) shall:

- (a) not directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the business of design, manufacture and sale of footwear and other businesses as conducted by us or any of our subsidiaries as of the Listing Date and in the future (the “**Restricted Business**”);
- (b) not directly or indirectly take any action which constitutes an interference with or a disruption to the business activities of our Group including, but not limited to, solicitation of customers, suppliers or personnel of our Group; and
- (c) keep our Board (including our independent non-executive Directors) informed of any matter of potential conflicts of interests between the Covenantors (including their associates) and our Group, in particular, a transaction between any of the Covenantors (including its associates) and our Group.

In addition, each of the Covenantors hereby irrevocably and unconditionally undertakes with our Company (for itself and for the benefit of each member of our Group) that with effect from the Listing Date and for as long as our Shares remain listed on the Stock Exchange,

- (a) if it (or its associates) plans to participate or engage in any new activities or new business which may directly or indirectly compete with the Restricted Business, it will give our

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Company a first right of refusal to participate or engage in these new activities or new business and will not participate or engage in these activities unless with the prior written consent of our Company; and

- (b) if it (or its associates) becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Restricted Business, it will notify our Company of such business opportunity immediately upon becoming aware of such opportunity. It is also obliged to use its best efforts to procure that such opportunity is first offered to our Group on terms and conditions no less favorable than those offered to it, any of its associates or any third party.

The Deed of Non-competition will become effective on the Listing Date and remain effective until the earlier of:

- (a) the Covenantors (together with their associates) are no longer a substantial shareholder (as defined in the Listing Rules) of our Company;
- (b) the Shares no longer listed on the Stock Exchange; or
- (c) our Group ceases to carry on the Restricted Business or the Restricted Business ceases to be a major business of our Group.

### CORPORATE GOVERNANCE MEASURES

We will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will review on an annual basis the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-competition;
- (b) the Covenantors undertake to provide to us all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (c) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the non-competition undertaking of the Covenantors under the Deed of Non-competition in our annual report; and
- (d) the Covenantors will make an annual statement on compliance with their undertaking under the Deed of Non-competition in our annual report.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently of our Controlling Shareholders following the Listing:

#### Management Independence

Our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. One of our executive Directors is our Controlling Shareholder.

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Each of our Directors is aware of his fiduciary duties as a Director which require, amongst other things, that he acts 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 interest. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company 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.

Having considered the above factors, our Directors are of the view that our Group can be managed independently from the Controlling Shareholders after Listing.

### **Operational Independence**

Our operations are independent of and not connected with any of our Controlling Shareholders. Our organization structure is made up of various departments and divisions, each with specific areas of responsibility. We have established various internal control procedures to facilitate the effective operation of our business. In addition, we have our own production lines and own sources of supplies and customers. We can operate independently through our procuring, marketing and sales networks.

### **Financial Independence**

We have an independent financial system and make financial decisions according to our own business needs. Our Directors confirm that all guarantees provided by our Controlling Shareholders to our Group will be released in full upon Listing. On this basis, our Directors believe that we are financially independent from our Controlling Shareholders.

## **NON-DISPOSAL UNDERTAKINGS GIVEN BY OUR CONTROLLING SHAREHOLDERS**

Each of our Controlling Shareholders has given non-disposal undertakings to the Stock Exchange and us pursuant to Rule 10.07 of the Listing Rules. For further details, please refer to the section entitled “Underwriting—Undertakings—Undertakings pursuant to the Listing Rules” in this prospectus.