
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Our Company was established in the PRC on September 8, 2000 as a limited liability company and was further converted into a joint stock limited company on June 29, 2018. As of the Latest Practicable Date, our Company was owned as to approximately 28.27% by Mr. Wang Zhongshan, 26.19% by Ms. Zhang Xiuqin, 9.60% by Jinqing Partnership, 3.93% by Jinyuan Partnership, 3.93% by Jinlong Partnership and 17.46% by Tianjin Yuanjinmeng, which was owned as to 50% by Mr. Wang Guoxin and 50% by Ms. Wang Na. Ms. Zhang Xiuqin is the spouse of Mr. Wang Zhongshan. Mr. Wang Guoxin is the son of Mr. Wang Zhongshan and Ms. Zhang Xiuqin, and Ms. Wang Na is the daughter of Mr. Wang Zhongshan and Ms. Zhang Xiuqin. See “Directors, Supervisors and Senior Management” for details. Jinqing Partnership, Jinyuan Partnership and Jinlong Partnership are limited partnerships established in the PRC and are our Employee Shareholding Platforms. Ms. Zhang Xiuqin is the general partner of Jinyuan Partnership and Jinlong Partnership. Mr. Wang Zhongshan is the general partner of Jinqing Partnership. The voting rights attaching to the Shares held by Jinyuan Partnership, Jinlong Partnership and Jinqing Partnership in our Company are exercised by their respective general partners, who are responsible for daily management of the partnerships’ external investments pursuant to the respective partnership agreements. Mr. Wang Guoxin and Ms. Wang Na are the limited partners of Jinyuan Partnership. Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Mr. Wang Guoxin, Ms. Wang Na, Jinqing Partnership, Jinyuan Partnership, Jinlong Partnership and Tianjin Yuanjinmeng, as a group of Controlling Shareholders, were collectively entitled to exercise the voting rights of approximately 89.39% of the total registered capital of our Company as of the Latest Practicable Date. See “Substantial Shareholders” and “History, Development and Corporate Structure” in this document for details.

Immediately following completion of the [REDACTED], Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Mr. Wang Guoxin, Ms. Wang Na, Jinqing Partnership, Jinyuan Partnership, Jinlong Partnership and Tianjin Yuanjinmeng will collectively be entitled to exercise the voting rights of approximately [REDACTED]% of the total issued share capital of our Company assuming that the [REDACTED] is not exercised and will collectively be entitled to exercise the voting rights of approximately [REDACTED]% of the total issued share capital of our Company assuming the [REDACTED] is exercised in full and will remain as a group of Controlling Shareholders upon [REDACTED].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management independence

Our daily operational and management decisions are made by our Board and our senior management. Our Board comprises four executive Directors and four independent non-executive Directors. See “Directors, Supervisors and Senior Management” in this document for details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and no conflict between his/her duties as a Director and his/her personal interests shall exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgement to the decision-making process of our Board. Our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholders group or each of their associates; (b) our independent non-executive Directors account for over one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders group, which would support our independent management.

The daily operation of our Group is carried out by an experienced management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a standalone basis.

The table below sets forth certain information about the Directors who also hold positions in the Controlling Shareholders:

<u>Name of Director</u>	<u>Roles held in the Controlling Shareholders</u>
Mr. Wang Zhongshan <i>(executive Director and chairman)</i>	<ul style="list-style-type: none">● Executive director, general manager and legal representative of Tianjin Yuanjinmeng● General partner of Jinmeng Partnership
Ms. Zhang Xiuqin <i>(executive Director and vice chairman)</i>	<ul style="list-style-type: none">● General partner of Jinyuan Partnership● General partner of Jinlong Partnership

Save as disclosed above, there is no overlap of the management team of the Controlling Shareholders' and ours.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Given that (i) Tianjin Yuanjinmeng was established for investment holding purpose; and (ii) Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership are our Employee Shareholding Platforms, Mr. Wang Zhongshan and Ms. Zhang Xiuqin will be able, and has undertaken, to devote all of his/her time and attention to the development strategy and strategic planning and business of our Group. In addition, there are sufficient non-overlapping Directors and senior management who are independent from our Controlling Shareholders and their respective close associates and possess relevant experience to ensure that the Board is able to perform its functions properly.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational independence

We have full rights, hold all relevant licenses, permits and qualifications, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after [REDACTED]. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

Intellectual property rights and licenses required for operation

We are not reliant on intellectual property rights (such as patents, trademarks or copy rights) owned by our Controlling Shareholders or their respective close associates. In addition, we hold and enjoy the benefit of all relevant licences and permits material to the operation of our business.

Access to customers

We conduct our own sales and marketing through our own sales and marketing team. Our Group has a large and diversified base of customers that are independent of our Controlling Shareholders and/or their respective close associates.

Operational facilities

Save as disclosed in the “Connected Transactions” section, all the properties and facilities necessary to our business operations are owned by us or leased from Independent Third Parties.

Employees

As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through open market and by referral.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Transactions with our Controlling Shareholders

Save as disclosed in the “Connected Transactions” section, our Directors do not expect that there will be any transaction between our Group and our Controlling Shareholders or their respective associates upon or after [REDACTED]. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major suppliers or customers during the Track Record Period which provide any critical services or materials for our business operation.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their respective close associates. Our Directors confirmed that our Group will be able to operate independently from our Controlling Shareholders and each of his or her or its close associates after [REDACTED].

Financial independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardised financial and accounting system and a complete financial management system. In addition, we have been and are capable of obtaining financing from Independent Third Parties.

During the Track Record Period, Mr. Wang Zhongshan and Ms. Zhang Xiuqin (the “**CP Guarantors**”) had been providing personal guarantees/mortgages (the “**CP Guarantees**”) as security for certain of our Group’s banks loans, acceptance bills, lease financing and gold loans (collectively, the “**Guaranteed Loans**”), and all of such CP Guarantees will be terminated and the relevant banks loans, acceptance bills and gold loans will be guaranteed by our Company and/or members of our Group upon [REDACTED]. As of the Latest Practicable Date, we had a total outstanding gold loans with principal amount of RMB484,028,360 and total outstanding bank loans and acceptance bills with principal amount of RMB478,000,000 (collectively, the “**Guaranteed Loans**”) from eight lenders guaranteed by the CP Guarantors, details of which are set forth below:

<u>Number</u>	<u>Type</u>	<u>Lender</u>	<u>Borrower</u>	<u>Principal amount</u> (RMB)	<u>Interest rate</u> (%)	<u>Commencement date</u>	<u>Maturity date</u>
1	Bank loan	Bank A	Our Company	120,000,000.00	4.70	20/6/2024	17/6/2025
	Bank loan		Shandong Mokingran	20,000,000.00	4.60	20/8/2024	18/2/2025
	Bank loan		Shandong Mokingran	50,000,000.00	4.70	10/7/2024	9/12/2024
	Bank loan		Shandong Mokingran	30,000,000.00	4.70	24/4/2024	22/4/2025
	Bank loan		Shandong Mokingran	30,000,000.00	4.70	22/5/2024	21/5/2025
2	Bank loan	Bank X	Our Company	20,000,000.00	4.50	29/8/2024	24/11/2024

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Number	Type	Lender	Borrower	Principal amount (RMB)	Interest rate (%)	Commencement date	Maturity date
3	Bank loan	Bank E	Shandong Mokingran	50,000,000.00	3.25	27/6/2024	25/6/2025
	Bank loan		Shandong Mokingran	80,000,000.00	4.15	18/12/2023	11/12/2024
	Bank loan		Shandong Mokingran	28,000,000.00	4.15	4/1/2024	28/12/2024
4	Gold loan	Bank G	Shandong Mokingran	43,506,000.00	4.30	4/3/2024	26/2/2025
	Gold loan		Shandong Mokingran	121,314,600.00	1.20	27/5/2024	27/11/2024
5	Gold loan	Bank H	Shandong Mokingran	74,964,000.00	4.40	7/3/2024	7/3/2025
6	Gold loan	Bank J	Shandong Mokingran	152,109,900.00	3.50	19/4/2024	14/11/2024
7	Bank loan	Bank N	Shandong Mokingran	20,000,000.00	4.80	16/1/2024	16/1/2025
	Bank loan		Shandong Mokingran	30,000,000.00	4.80	26/8/2024	25/8/2025
8	Gold loan	Bank I	Shandong Mokingran	92,133,860.00	4.50	20/8/2024	20/2/2025

We consider that an early discharge of the above guarantees is not in the best interests of our Group and our Shareholders as a whole, as it would incur unnecessary additional costs, expenses and time to refinance all or part of the Guaranteed Loans before their respective maturity dates. To our best knowledge, it is local market practice and generally required by commercial banks in the PRC to obtain personal guarantees by de facto controller(s) of private companies before providing any loan/facility.

As of the Latest Practicable Date, we have obtained letters from all lenders of the Guaranteed Loans (collectively, “**Consent Letters**” and each a “**Consent Letter**”), pursuant to which (i) the lenders agreed in principle to replace the CP Guarantees with guarantees/mortgages to be provided by our Company and/or members of our Group upon [REDACTED], if such corporate guarantees/mortgages meet the guarantee requirements of the relevant bank and/or if we provide necessary risk mitigation measures recognized by the relevant bank; (ii) the lender agreed to report to its superior to release the CP Guarantees and to replace the CP Guarantees with guarantee/mortgage to be provided by our Company and/or members of our Group and recognized by the lender upon [REDACTED] if the corporate guarantee/mortgage meet the guarantee requirement of the lender; or (iii) the lenders agreed to release the CP Guarantees and to replace the CP Guarantees with guarantees to be provided by our subsidiary(ies) or patent rights pledges. Should we fail to complete the [REDACTED], we are required to provide additional guarantees from our Controlling Shareholders.

To our best knowledge, commercial banks in the PRC may not request de facto controller(s) of public companies to provide personal guarantees as market practice. As such, we believe that we are able to obtain new financings or extend existing financings from commercial banks on comparable terms without guarantee and security from our Controlling Shareholders group following the [REDACTED]. Upon completion of the [REDACTED], we do not expect to rely on any new guarantee, loan or other financial assistance from the Controlling Shareholders group.

Save as disclosed above, as of the Latest Practicable Date, there were no other loans, advances or balances due to and from our Controlling Shareholders and their respective close associates which have not been fully settled.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, we did not provide any guarantee or mortgage in favour of our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DELINEATION OF BUSINESSES

No competition and clear delineation of business

According to the document of China National Gold Group Gold Jewellery Co., Ltd* (中國黃金集團黃金珠寶股份有限公司, “China Gold Jewellery”), which is listed on the Shanghai Stock Exchange (stock code: 600916), Ms. Zhang Xiuqin subscribed for 4.56% interests in Longkou Caifeng Juxin Commerce Center (Limited Partnership)* (龍口彩鳳聚鑫商貿中心(有限合夥), “Caifeng Juxin”), formerly known as Beijing Caifeng Jinxin Commerce Center (Limited Partnership)* (北京彩鳳金鑫商貿中心(有限合夥)), as a limited partner. Caifeng Juxin is an investment platform established by certain franchisees of China Gold Jewellery and held 5.76% equity interests in China Gold Jewellery as of September 30, 2023. China Gold Jewellery is mainly engaged in, among others, research and development, processing, wholesale and sales of gold, silver, and jewellery. According to Rule 8.10 of the Listing Rules, an interest in an excluded business may consist of (i) where the business is conducted through a company, an interest as a director (other than an independent non-executive director) or a substantial shareholder of such company; or (ii) where the business is conducted through a partnership, an interest as a partner in such partnership. Ms. Zhang Xiuqin is neither a director nor a substantial shareholder of China Gold Jewellery. Caifeng Juxin is solely an investment platform and China Gold Jewellery does not conduct its business through such investment platform. Furthermore, Ms. Zhang Xiuqin has minority interests in Caifeng Juxin and has no control over Caifeng Juxin as a limited partner. Our Group had no business dealings with and did not conduct any transaction with China Gold Jewellery during the Track Record Period and up to the Latest Practicable Date. Based on the above, our Directors believe that the risk of business competition and consequential effect to commercial decision-making are fairly low and the indirect interests held by Ms. Zhang Xiuqin in China Gold Jewellery through Caifeng Juxin do not constitute excluded business under Rule 8.10 of the Listing Rules.

Save as disclosed above, as of the Latest Practicable Date and so far as our Directors are aware, (1) apart from the interest in our Group, none of our Controlling Shareholders and their respective close associates was engaged or had any interest in any business which, directly or indirectly, competes or may compete with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules; and (2) none of our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

Mr. Wang Zhongshan’s brother and sister and their respective family members engage in or exercise control over certain business which may compete with our business (“Other Family-Owned Business”). Our Group, our Controlling Shareholders and our Directors do not conduct any transaction with Other Family-Owned Business. Furthermore, our Group, Controlling Shareholders

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

and our Directors do not have any financial or other interests in Other Family-Owned Business. Other Family-Owned Business does not constitute competing business which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION AGREEMENT

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, each of our Controlling Shareholders (collectively, the “**Covenantors**” and each, a “**Covenantor**”) has commercially agreed and has entered into a non-competition agreement with our Company (the “**Non-Competition Agreement**”) in favour of our Company (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) on [●], pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with our Company that at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his/her close associates (other than members of our Group) shall not in the PRC and in Hong Kong, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, the research, development, manufacturing and sales of jewellery products and any other business or investment activities in the PRC and in Hong Kong which are the same as, similar to or in competition or likely to be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the “**Restricted Business**”).

The above restrictions do not prohibit any of the Covenantors and its/his/her close associates (excluding members of our Group) from:

- (a) holding any securities of any companies which conducts or is engaged in any Restricted Business through their interests in our Group;
- (b) undertaking project(s) or otherwise be involved in any of the Restricted Business provided that the project or business opportunity has been first offered to our Group, and our Group has not taken it up;
- (c) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form which engages in any Restricted Business where such investment or interest does not exceed 10% of the issued shares of such entity provided that (1) such investment or interest does not grant the Covenantors or their respective close associates any right to control the composition of the board of directors or managers of such entity, (2) none of the Covenantors or their respective close associates control the board of directors or managers of such entity and (3) such investment or interest does not grant the Covenantors or their respective close associates any right to participate directly or indirectly in such entity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Each of the Covenantors has also undertaken to refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business (“**New Business Opportunities**” and each, a “**New Business Opportunity**”) to us (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

- As soon as it/he/she becoming aware of any New Business Opportunity, give written notice (the “**Offer Notice**”) to us identifying the target company (if relevant) and the nature of the New Business Opportunity, detailing all information available to it/him/her for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to it).
- Our Company shall, as soon as practicable and in any case within 30 business days from the receipt of the Offer Notice (the “**Offer Notice Period**”) notify the relevant Covenantor in writing of any decision taken to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering it/him/her, proposing or presenting the New Business Opportunity and the relevant Covenantor shall use its/his/her best endeavours to assist us in obtaining such New Business Opportunity on the same or more favourable terms. Our Company is required to seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial advisor to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required.
- The relevant Covenantor may, at its/his/her absolute discretion, consider extending the Offer Notice Period as appropriate.
- The relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favourable, terms and conditions in all material respects as set out in the Offer Notice if:
 - (i) it/he/she has received a written notice from us declining the New Business Opportunity; or
 - (ii) it/he/she has not received any written notice from us of our decision to pursue or decline the New Business Opportunity within 30 business days from our receipt of the Offer Notice, or if it/he/she has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- If there is a change in the nature or proposal of the New Business Opportunity pursued by the relevant Covenantor, it/he/she shall refer the New Business Opportunity as revised and shall provide to us details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our independent non-executive Directors will form their views based on a range of factors, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Covenantors, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations and rules and regulatory bodies to disclose, from time to time, information on the New Business Opportunities, including but not limited to disclosure in public announcements or annual reports of our Company our decisions to pursue or decline the New Business Opportunities, and have agreed to disclose to the extent necessary to comply with any such requirements.

Under the Non-Competition Agreement, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

- (i) the Covenantors shall provide, and shall procure their close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors’ and their close associates’ (other than members of our Group) compliance with the Non-Competition Agreement, and to enable the independent non-executive Directors to enforce the Non-Competition Agreement;
- (ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Non-Competition Agreement;
- (iii) the Covenantors have agreed and authorised us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-Competition Agreement, either through our annual reports or by way of public announcements; and
- (iv) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Non-Competition Agreement by the Covenantors or any of their respective close associates.

Our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Non-Competition Agreement either in the annual report of our Company or by way of announcement to the public.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

For the purposes of the above, the “Relevant Period” means the period commencing from the [REDACTED] and shall expire on the earlier of (i) the date when the Covenantors and any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company or (ii) the date on which our Shares cease to be [REDACTED] on the Stock Exchange (except for temporary suspension of trading of our Shares).

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of the Shareholders taken as a whole for the following reasons:

- the independent non-executive Directors will review, on an annual basis, the compliance with non-competition undertakings by our Controlling Shareholders under the Non-Competition Agreement;
- our Controlling Shareholders shall provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-Competition Agreement;
- our Company will disclose decisions and related basis on matters reviewed by the independent non-executive Directors (including all rejections by our Company of New Business Opportunities that have been referred from our Controlling Shareholders) relating to the compliance with and enforcement of the non-competition undertakings by our Controlling Shareholders under the Non-Competition Agreement in the annual reports of our Company or by way of public announcements;
- our Controlling Shareholders will make annual statements on compliance with the Non-Competition Agreement in our annual reports, which is consistent with the principles of making disclosure in the corporate governance report of the annual report under the Listing Rules;
- as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the Board meetings on matters in which such Director or any of his/her close associates have a

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

- we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. See “Directors, Supervisors and Senior Management — Directors — Independent Non-executive Directors” for details;
- in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors (including why business opportunities referred to it by our Controlling Shareholders were not taken up) either through its annual report or by way of announcements;
- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;
- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules; and
- we have appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance.

Further, any transaction that is proposed between our Company and the Controlling Shareholders and/or our Directors and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders’ approval requirements.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or other Directors to protect minority Shareholders’ rights after [REDACTED].