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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Mr. YU Renrong is the founder of our Group, the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. Mr. YU Renrong is the direct beneficial owner of 333,472,250 A Shares of our Company and indirectly owns 74,132,662 A Shares of our Company through Shaoxing Weihao Management, which is ultimately controlled by Mr. YU Renrong. In addition, Mr. YU Xiaorong, brother of Mr. YU Renrong, is the direct beneficial owner of 972,000 A Shares of our Company. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Mr. YU Renrong, Shaoxing Weihao Management and Mr. YU Xiaorong constitute a group of our Controlling Shareholders, holding approximately 33.57% of the issued share capital of our Company immediately before the [REDACTED].

Immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED] and our Share Schemes, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], our Controlling Shareholders will hold approximately [REDACTED]% of the issued share capital of our Company.

Shaoxing Weihao Management is a partnership established under the laws of the PRC on December 12, 2017, whose sole business is to hold beneficial interest of our Company. Save for the business of our Group, each member of our Controlling Shareholders does not currently have any interest in a business that competes or is likely to compete, whether directly or indirectly, with our Group’s business, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM OUR 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 nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management” in this document.

In addition, our Directors consider that our Board and senior management are capable of functioning independently of our Controlling Shareholders for the following reasons:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

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- (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 appointed three independent non-executive Directors, comprising one-third of the total members of the Board, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive Directors and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole. In particular, the three independent non-executive Directors possess the relevant qualifications and industry experiences to safeguard the interests of the minority Shareholders of our Company by, among other things, reviewing and opining on connected transactions of our Company, if any, including those between our Company and our Controlling Shareholders and/or their close associates. Please refer to the section headed “Directors and Senior Management” for details of the biographies of the independent non-executive Directors;
- (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;
- (e) our Company is an A-share listed company and has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. 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 is obliged to declare and fully disclose such potential conflict of interest and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted; and
- (f) 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 business is managed independently from our Controlling Shareholders.

### Operational independence

Our Company will continue to operate independently from our Controlling Shareholders after the [REDACTED]. Our Company makes and implements operational decisions independently of our Controlling Shareholders and has our own organizational structure with independent departments, each with specific areas of responsibility. Furthermore, we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company has independent channels to access our customers and is not dependent on

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our Controlling Shareholders with respect to suppliers for our business operations. Our Company has its own employees to operate the business and can independently manage its human resources. We have obtained relevant licenses, approvals and permits from relevant regulatory authorities which are material to our operations in Mainland China and other jurisdictions.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

### Financial independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with our Controlling Shareholders. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. We do not expect to rely on our Controlling Shareholders or any of his close associates for financing after the [REDACTED] as we expect that our working capital will be primarily funded by cash generated from our business operation, and to a lesser extent, external indebtedness.

As of the Latest Practicable Date, our Controlling Shareholders or their associates did not provide any loans to the Group or guarantee any loans of the Group.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders.

### CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. Our Company will comply with the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules, which set out principles of good corporate governance in relation to, among other matters, directors, the chairperson and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with Shareholders. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) under the Articles, where a Shareholders’ meeting is held to consider proposed transactions in which our Controlling Shareholders are, under the Listing Rules, required to abstain, our Controlling Shareholders shall abstain from voting and their votes shall not be counted in respect of such transactions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;

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- (c) our Board consists of a balanced composition of executive, non-executive and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed “Directors and Senior Management”, individually and collectively possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;
- (d) our independent non-executive Directors will continuously review the compliance of the non-competition and independence undertakings provided by our Controlling Shareholders;
- (e) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and our Controlling Shareholders and/or our Directors, on the other hand, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration. Where our independent non-executive Directors reasonably request the advice of independent professionals, such as financial advisers, to help them make the judgment, the appointment of such independent professionals will be made at the expense of our Company; and
- (f) we have appointed Guotai Junan Capital Limited as our compliance adviser 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.

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].