OVERVIEW

As of the Latest Practicable Date, Mr. Liang is a direct beneficial owner of 531,510,881 A Shares and is deemed to be interested in a total of (i) 230,261,325 A Shares held by Ningbo Shengyue, which was controlled by Mr. Liang as its largest limited partner as to 84.50%; and (ii) 199,799,546 A Shares held by Ningbo Kuoneng, which was controlled by Mr. Liang as its general partner. Mr. Liang is the founder, chairman of the Board and an executive Director of our Company. See "Directors and Senior Management — Directors" for more details.

Ningbo Shengyue is a limited partnership established under the laws of the PRC on November 3, 2014, whose principal business is investment management. It is held by its general partner, Ms. Shao Xiaomei (邵曉梅), the spouse of Mr. Liang, as to 0.50%, and by its limited partners, Mr. Liang and Mr. Chen Wei, as to 84.50% and 15.00%, respectively. Ningbo Kuoneng is a limited partnership established under the laws of the PRC on August 14, 2015, whose principal business is investment management. It is held by its general partner, Mr. Liang, as to 1.0677%, and 18 limited partners, none of whom holds 30% or more interest therein.

As advised by the PRC Legal Advisor, Mr. Liang, Ningbo Shengyue and Ningbo Kuoneng are parties deemed to be acting-in-concert pursuant to the applicable laws and regulations of the PRC. Therefore, Mr. Liang, Ningbo Shengyue and Ningbo Kuoneng were in aggregate entitled to exercise the voting rights attached to 961,571,752 Shares and approximately 45.01% of our Shares in issue and constituted our Controlling Shareholders Group as of the Latest Practicable Date.

Immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, Mr. Liang, Ningbo Shengyue and Ningbo Kuoneng will be entitled to exercise in aggregate the voting rights attached to approximately [**REDACTED**] of our Shares in issue. Assuming the [**REDACTED**] is exercised in full, Mr. Liang, Ningbo Shengyue and Ningbo Kuoneng will be entitled to exercise in aggregate the voting rights attached to approximately [**REDACTED**]% of our Shares in issue. Accordingly, Mr. Liang, Ningbo Shengyue and Ningbo Kuoneng will remain as the Controlling Shareholders Group of our Company upon Listing.

See "History and Corporate Structure — Our Shareholding and Corporate Structure" for the simplified corporate structure of our Group.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of members of our Controlling Shareholders Group had any interest in any business which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

Mr. Liang executed a non-compete undertaking in April 2016, pursuant to which he has undertaken, amongst others, that:

(i) he is not engaged in any business or activity that is directly or indirectly the same as, similar to, or commercially competitive with our Group;

(ii) he will not seek any business opportunities belonging to the Group for himself or any other person. If he obtains any business opportunity from any third party that competes with or may compete with the business operated by the Group, he will immediately notify the Group and make best efforts to transfer such business opportunity to our Group;

(iii) he will not, in any way, directly or indirectly, engage in or participate in any business or activity that is the same as, similar to, or commercially competitive with our Group, or have any interest in any economic entity that competes with our Group, or serve as a senior manager or core technical personnel in such economic entity; and

(iv) he will ensure that any other enterprises directly or indirectly controlled by him (other than our Company), if any, fulfill the same obligations as him in the non-compete undertaking.

INDEPENDENCE OF OUR GROUP FROM OUR CONTROLLING SHAREHOLDERS GROUP

Our Directors are of the view that our Group is capable of carrying on its business independently from our Controlling Shareholders Group following the completion of the [**REDACTED**] for the following reasons.

Management Independence

Our daily management and operational decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Our Board comprises three executive Directors and three independent non-executive Directors, and we have a team of seven senior management members (two of whom are our executive Directors). All of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective Board. We also have sufficient members of our management team who are independent from our Controlling Shareholders Group and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group. We consider that our Directors and senior management of our Company can independently perform their duties in our Company and operate independently from our Controlling Shareholders Group for the following reasons:

(i) save for Mr. Liang (our founder, chairman of the Board and executive Director) being a member of our Controlling Shareholders Group, a limited partner holding 84.50% of the partnership interest in Ningbo Shengyue and the general partner of Ningbo Kuoneng, all of our other Directors and members of our senior management team are independent from our Controlling Shareholders Group, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. In addition, the management personnel of our Company have clear reporting lines, and ultimately the management team reports to our Board. Our Board supervises and monitors the performance of our Company's management team generally through regular meetings of our Board and extraordinary meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of management team, as well as the regular updates of operational and financial data and information that are provided to our Directors. See "Directors and Senior Management — Directors" for biographical details of our Directors and senior management;

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

(iii) the Articles of Association has made relevant provisions to avoid conflict of interest, and that our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest. Mr. Liang has abstained and will abstain from voting in Board meetings in respect of matters in relation to himself and/or his associates;

(iv) 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 Group and can promote the interest of the Company and its Shareholders as a whole. Specifically, (a) our independent non-executive Directors are not associated with members of our Controlling Shareholders Group or their respective associates; (b) we have three independent non-executive Directors, which accounted for half of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite experience, knowledge and competence as independent directors of listed companies and will be able to provide professional and balanced advice to the Board. Accordingly, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and the Shareholders as a whole. See "Directors and Senior Management — Directors" for biographical details of our independent non-executive Directors; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders Group which would support our independent management. See "— Corporate Governance Measures" for further details.

In light of the above, we believe that our Group can be managed independently from members of our Controlling Shareholders Group and their respective close associates.

Operational Independence

Our Company has been operating, and will continue to operate after Listing, independently from our Controlling Shareholders Group. Our Group makes and implements operational decisions independently of our Controlling Shareholders Group and has our own organizational structure with independent departments, including our own business units, R&D, sales and marketing and other functions (such as administration, finance, human resources, legal and compliance and company secretarial functions), each with specific areas of responsibility. Furthermore, we have independent production capabilities and technology relating to our Group's business and do not rely on our Controlling Shareholders Group. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company also has independent channels to gain access to our customers, suppliers and business partners, and is not dependent on our Controlling Shareholders Group in these respects. Our Group has our own employees who are primarily recruited through both internal referrals and external sources (such as campus recruitment, recruitment websites and third-party recruiters) to operate the business and can independently manage its human resources. We have obtained relevant licences, approvals and permits from relevant regulatory authorities which are material to our operations in the PRC. Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders Group and will continue to be so after the Listing.

Financial Independence

We have adopted our own independent audit, financial management and internal control systems and also have an independent accounting and finance department responsible for discharging relevant accounting, financial management and treasury functions, which are all independent from members of our Controlling Shareholder Group and their respective close associates. 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 Group. We are also capable of obtaining financing from third parties, without reliance on our Controlling Shareholders Group. We do not expect to rely on our Controlling Shareholders Group or any of their close associates for financing after the Listing as we expect that our working capital will be primarily funded by cash generated from our business operation, and external financing.

No loan or guarantee has been provided by, or granted to, our Controlling Shareholders Group or their respective associates during the Track Record Period and as of the Latest Practicable Date.

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

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of sound corporate governance in protection of our Shareholders' interests. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance, upon Listing.

In order to further avoid potential conflicts of interest, we have implemented or will implement the following measures to strengthen the protection of our Shareholders' interests:

(i) 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 have a material interest;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into any connected transaction with any member of our Controlling Shareholders Group or their respective associates, our Company will comply with the applicable requirements under the Listing Rules;

(iii) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We appointed three independent non-executive Directors as of the Latest Practicable Date, and believe our independent non-executive Directors (a) possess sufficient experience; (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement; and (c) will be able to provide impartial and independent opinion to protect the interests of our Shareholders as a whole. In the event that our independent non-executive Directors are requested to consider or review any conflict of interest circumstances involving our Controlling Shareholder Group, the independent non-executive Directors will be provided with all necessary information for consideration and will be allowed to seek advice from independent professionals (such as financial advisors or legal advisors) at the expense of our Company;

(iv) we have appointed Changjiang Corporate Finance (HK) Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to directors' duties and corporate governance, upon Listing; and

(v) as required by the Listing Rules, if there exists any continuing connected transaction with the Controlling Shareholder Group, our independent non-executive Directors shall review any such continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.