RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, (i) Dr. Zhang directly held 10,575,438 A Shares and controlled the voting rights attaching to 1,260,000 A Shares held by Xinxin Juyuan, our incentive platform, by serving as its general partner; (ii) Mr. QIN Weixing, a non-executive Director, directly held 4,478,859 A Shares; (iii) Mr. QIN Yansheng, the brother of Mr. QIN Weixing, directly held 4,604,859 A Shares; and (iv) Ms. Zhang, the sister of Dr. Zhang and a non-executive Director, directly held 2,944,053 A Shares.

Pursuant to the Concert Party Agreement, Ms. Zhang, Mr. QIN Weixing, and Mr. QIN Yansheng have agreed to align their votes with Dr. Zhang at our Board meetings and/or Shareholders' meetings, details of which are set out in "History, Development and Corporate Structure — Concert Party Agreement." As a result, Dr. Zhang, together with Ms. Zhang, Mr. QIN Weixing, Mr. QIN Yansheng and Xinxin Juyuan, constituted the Single Largest Group of Shareholders of our Company, who collectively held approximately 27.76% of the total issued share capital of our Company (including the 275,169 A Shares held by our Company as treasury Shares as of the Latest Practicable Date) and were entitled to exercise, or control the exercise of, the voting rights attaching to approximately 27.85% of our total issued shares as of the Latest Practicable Date (excluding the 275,169 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). For further details of the treasury Shares, see "Share Capital — Our Shares" section in this document.

Immediately following completion of the [REDACTED] and assuming the [REDACTED] is not exercised and there are no changes in our share capital from the Latest Practicable Date to the [REDACTED], Dr. Zhang, Ms. Zhang, Mr. QIN Weixing, Mr. QIN Yansheng and Xinxin Juyuan will collectively control approximately [REDACTED]% of voting rights in our Company (excluding the 275,169 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). Therefore, Dr. ZHANG, Ms. Zhang, Mr. QIN Weixing, Mr. QIN Yansheng and Xinxin Juyuan will continue being our Single Largest Group of Shareholders upon the [REDACTED].

COMPETITION

Our Single Largest Group of Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and/or their respective close associates upon the [REDACTED] for the following principal reasons:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of nine Directors comprising three executive Directors, two non-executive Director and four independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management."

Dr. Zhang is the chairman of our Board, an executive Director and the general manager of our Company and both of Ms. Zhang and Mr. QIN Weixing serve as our non-executive Directors. Notwithstanding their roles in our Board and senior management (where applicable), our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

(i) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(ii) 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;

(iii) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, and no single Director is able to make any decisions unless authorized by the Board;

(iv) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position within our Single Largest Group of Shareholders. All of our four independent non-executive Directors are independent from our Single Largest Group of Shareholders and have extensive experience in their respective areas of expertise. For details, see "Directors and Senior Management." All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions;

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any member of our Single Largest Group of Shareholders 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 and will abstain from voting at the relevant meeting in accordance with the Listing Rules; and

(vi) as a A-share listed company, we have adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shanghai Stock Exchange to manage conflicts of interest, if any, between our Group and our Single Largest Group of 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 Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We are in possession of all technologies relating to our Group's business all requisite qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions.

We have independent access to customers and suppliers and, therefore, are not dependent on our Single Largest Group of Shareholders for any significant amount of our revenue, R&D, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. While certain properties used in our operations are currently leased from our Single Largest Group of Shareholders, details of which are set out in "Connected Transaction.", such leasing arrangements were entered into on normal commercial terms after arm's length negotiations and do not adversely impact our operational dependence.

We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, R&D, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

Based on the above, our Directors believe that we are capable of and will continue, operating independently of our Single Largest Group of Shareholders.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Single Largest Group of Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Single Largest Group of Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Single Largest Group of Shareholders and their respective close associates.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates.

Based on the above, our Directors are of the view that they, together with our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Single Largest Group of Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including those of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

(i) under the Articles of Association, where our Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their respective close associates, our Company will comply with the applicable Listing Rules;

(iii) our Board will consist of a balanced composition, including 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, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(iv) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interest between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(v) our Single Largest Group of Shareholders will provide our independent non-executive Directors with all relevant financial, operational and market and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(vi) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules;

(vii) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(viii) we have appointed Maxa Capital Limited as our Compliance Advisor 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; and

(ix) we have established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and ESG Committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

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 Single Largest Group of Shareholders, and to protect our minority Shareholders' interests after the [REDACTED].