OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Sun Bin (i) directly held 22.00% of the total issued share capital of our Company and (ii) indirectly held a total of 55.83% of the issued shares of our Company through four limited partnerships controlled by him, namely Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia. Therefore, Mr. Sun Bin is able to control the voting rights in approximately 77.83% of the issued share capital of our Company.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Sun Bin by himself and through Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia will be entitled to exercise approximately **[REDACTED]**% voting rights in our Company. Therefore, Mr. Sun Bin, Shanghai Runsheng, Shanghai Gaozhu, Shanghai Yuchu and Shanghai Yijia will be deemed as our Controlling Shareholders upon **[REDACTED]**.

RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders and our Directors has confirmed that as of the Latest Practicable Date, he/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business which would 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 out our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of five executive Directors, and three independent non-executive Directors. See "Directors and Senior Management" for more details of our Directors. Save for Mr. Sun Bin, there is no overlap of Directors and senior management between our Group and our Controlling Shareholders.

Our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]** for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts in the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company 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 pursuant to the relevant requirements under the Articles of Association and/or the Listing Rules;

(iii) 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) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions, abstain from voting and will be excluded from deliberation by our Board. Our Directors have the requisite qualifications, integrity and experience to maintain an effective Board and observe their fiduciary duties in an event of conflict of interests. Please refer to the section headed "Directors and Senior Management — Board of Directors" in this document for the relevant experience and qualifications of our Directors;

(iv) our Group has and will have a sufficient level of independence of directorship and management and a team of full-time senior management and employees focused exclusively on its businesses, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we have appointed three independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole.

Operational Independence

Our Directors consider that we are able to make decisions on, and to carry out, the business operations of our Company independently of our Controlling Shareholders and their close associates after the **[REDACTED]** for the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our business;
- we have a sufficient level of operations, assets, facilities, technologies and employees including research and development employees to support our own **[REDACTED]** status and to operate and function independently from our Controlling Shareholders;
- we also maintain a comprehensive set of internal control procedures for facilitating the effective operations of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practices and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;
- we have our own financial department, human resources and administration department and internal audit department. These departments are led and supervised by our own senior management team. Our senior management report to the Board and make decisions and form business plans and strategies independently from our Controlling Shareholders. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and
- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operations. See the corporate governance measures stipulated under "— Management Independence" and "— Corporate Governance Measures" in this section.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have established our own finance department with a team of finance staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized finance and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards.

As of the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from our Controlling Shareholders or any of 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.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest arising from potential competition, if any, between our Group and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis;
- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- 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 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;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event of any potential conflict of interests at the Shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and
- we have appointed Red Solar Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with 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 between our Group and our Controlling Shareholders and their respective associates, and to protect minority Shareholders' interests after the **[REDACTED]**.