RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Our voting rights structure as of the Latest Practicable Date is set out as following:

(i) Mr. Shen, our Chairman and executive Director, directly held 17,440,726 A Shares, representing approximately 11.3% of the total issued share capital of our Company;

(ii) Mr. Shen Ming, our General Manager and executive Director, as well as the son of Mr. Shen, directly held 5,901,228 A Shares, representing approximately 3.8% of the total issued share capital of our Company;

(iii) Mr. Shen acted as the general partner of Huaying III LP and controlled the voting rights underlying 3,103,000 A Shares held by Huaying III LP, representing approximately 2.0% of the total issued share capital of our Company;

(iv) Mr. Shen Ming acted as the general partner of Huaying II LP and controlled the voting rights underlying 5,597,000 A Shares held by Huaying II LP, representing approximately 3.6% of the total issued share capital of our Company;

(v) by virtue of the Concert Party Agreement, Mr. Shen and Mr. Shen Ming are deemed to control the voting rights underlying the 8,012,003 A Shares held by the Concert Parties, representing approximately 5.2% of the total issued share capital of our Company; and

(vi) by virtue of the Voting Trust Agreements, Mr. Shen controlled the exercise of the voting rights of an additional 53,069,444 A Shares held by Jinonglian Entities and Dunxing Entities, representing approximately 34.3% of the total issued share capital of our Company.

The calculation of the above shareholding percentages excludes the Treasury A Shares. In light of the above, as of the Latest Practicable Date, Mr. Shen, Mr. Shen Ming, Huaying II LP, Huaying III LP and the Concert Parties are deemed to be entitled to exercise the voting rights underlying 93,123,401 A Shares, representing approximately 60.2% of the total issued share capital of our Company (excluding the Treasury A Shares), and were considered as our Controlling Shareholders.

Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, that no changes are made to the total issued share capital of our Company between the Latest Practicable Date and the [REDACTED] and without taking into account of the effect of the Potential Share Reduction Plan), Mr. Shen, Mr. Shen Ming, Huaying II LP, Huaying III LP and the Concert Parties will remain as our Controlling Shareholders and shall be deemed to be entitled to exercise the voting rights underlying approximately [REDACTED]% of the total issued share capital of our Company (excluding the Treasury A Shares).

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Each member of the Controlling Shareholders confirmed that, as of the date of this document, he/she/it 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, and requires disclosure under Rule 8.10 of the Listing Rules.

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

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors.

(i) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her 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. For details of the industry experience of our senior management team, please refer to the section headed "Directors and Senior Management" in this document;

(iii) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(iv) 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 presenting at the relevant Board meeting; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance Measures" below in this section.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, are able to perform the managerial role in our Group independently and capable of managing our business independently from the Controlling Shareholders and their respective close associates after the [REDACTED].

Operational independence

Our Directors consider that our operations do not rely on our Controlling Shareholders and their respective close associates for the following reasons:

(i) our Group possesses sufficient capital, property, equipment, technology and human resources to operate its business independently, and holds all the relevant material licenses, qualifications, intellectual properties and permits required that are necessary for conducting our business;

(ii) our Group has an established and complete organizational structure, comprising various separate departments each charged with specific responsibilities;

(iii) our Group also has independent access to, among others, customers, suppliers and other resources required for our Group's business, and we operate our business independently, with independent rights to make and implement our operational decisions;

(iv) we maintain a set of internal control procedures to facilitate the effective operation of our business. See "Business — Risk Management and Internal Control" for details; and

(v) we have adopted a set of corporate governance practices and manuals, such as rules with respect to the shareholders' meeting, the board meeting, the board committees' meeting and the conduct of connected transactions, pursuant to relevant laws and regulations, to facilitate the effective operation of our business.

Financial independence

We have established our own finance department with a team of independent 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 according to our business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders who do not intervene with our use of funds. We have also established an independent and sound audit system, a standardized financial and accounting system and a complete financial management system. We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We expect that we will not rely on our Controlling Shareholders and their respective close associates for financing after the [REDACTED] and we will have sufficient working capital to operate our business independently.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or provided to, any member within our Controlling Shareholders, or their respective associates.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholders and their respective close associates upon [REDACTED]:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any member within the Controlling Shareholders or any of his/her/its associates, our Company will comply with the applicable Listing Rules;

(iii) our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(v) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(vi) 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 expenses; and

(vii) we have appointed Ignite Capital (Asia Pacific) 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 the Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].