OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, each of Dr. Zhang, Dr. Zhang Yuanyuan, Dr. Zhai, Mr. Wu and QL Tianjin held approximately 11.88%, 1.58%, 1.58%, 1.58% and 9.08% of our total issued share capital, respectively. Dr. Zhang, Dr. Zhang Yuanyuan, Dr. Zhai and Mr. Wu (collectively, the "**Concert Parties**") entered into an acting-in-concert agreement, pursuant to which the parties (a) agreed to act in concert as Directors and shareholders when exercising the voting rights with respect to equity interests they directly or indirectly hold in the Group; and (b) acknowledged and confirmed that Dr. Zhang's decisions on such matters shall prevail. Although QL Tianjin did not enter into any undertaking or agreement with the Concert Parties, it shall be deemed to be a Concert Party, as Dr. Zhang is the general partner of QL Tianjin and he is entitled to exercise its voting rights.

Accordingly, as of the Latest Practicable Date, Dr. Zhang, Mr. Wu, Dr. Zhang Yuanyuan, Dr. Zhai and QL Tianjin were collectively entitled to exercise an aggregate of approximately 25.72% voting rights in our Company and constituted our single largest group of Shareholders. Immediately following the completion of the [REDACTED] (taking into account the [REDACTED] and assuming that the [REDACTED] is not exercised), our single largest group of Shareholders will be entitled to exercise an aggregate of approximately [REDACTED]% voting rights in our Company.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors believe that our Group will be capable of carrying out our business independently from our single largest group of Shareholders and their respective close associates after the [REDACTED] for the reasons set out below.

Operational Independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our single largest group of Shareholders and their respective close associates. We are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our single largest group of Shareholders and their respective close associates after the [REDACTED].

Management Independence

Upon the [REDACTED], our Board will comprise five executive Directors, two non-executive Director and four independent non-executive Directors, and our senior management team will comprise five members. Our executive Directors and senior management team are responsible for the daily management of our operations.

Our Directors believe that our Group will be able to function independently from our single largest group of Shareholders and their respective close associates after the [REDACTED] for the following reasons:

(a) our Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors. Our independent non-executive Directors are not associated with our single largest group of Shareholders or their respective close associates, which ensures that decisions of our Board are made only after due consideration of independent and impartial opinions;

(b) our independent non-executive Directors individually and collectively possess the requisite knowledge, experience and competence to provide a balance of potentially interested Directors with a view to promote the interests of our Company and our Shareholders as a whole;

(c) 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;

(d) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a director of [REDACTED], which require that he or she acts for the benefit and in the best interest of our Company, and does not allow any conflict between his or her duties as a Director and his or her personal interests; and

(e) if there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Directors are obliged to declare and fully disclose such potential conflict of interests and shall abstain from voting at the relevant Board meetings in respect of such transactions.

Based on the above, our Directors believe that they will be able to perform their managerial roles in our Company independently from our single largest group of Shareholders and their respective close associates after the [REDACTED].

Financial Independence

We have our own internal control, accounting and financial management system and we make financial decisions independently according to our own business needs. We have independent bank accounts and do not share any of our bank accounts, loan facilities or credit facilities with our single largest group of Shareholders or their respective close associates. In addition, our Group has sufficient capital and credit facilities to operate our business independently, and has adequate internal resources and credit profile to support our daily operations.

During the Track Record Period, Dr. Zhang, Dr. Zhai and Mr. Wu provided guarantees for certain of our bank borrowings. See "Financial Information — Related Party Transactions" in this document and Note 29 to the Accountants' Report in Appendix I to this document for details. Our Directors confirm that all the guarantees provided by the above members of our single largest group of Shareholders will be released or replaced by our Company's corporate guarantee before the [REDACTED]. Save as disclosed above, none of our single largest group of Shareholders or their respective close associates financed our operations during the Track Record Period.

Based on the above, our Directors believe that our Group will be able to maintain financial independence from our single largest group of Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE

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 maintain good corporate governance standards and to avoid potential conflict of interests between our Group and our single largest group of Shareholders and their respective close associates:

(a) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Group enters into connected transactions with our single largest group of Shareholders or their respective close associates, our Company will comply with the applicable requirements under the Listing Rules;

(b) where a Shareholders' meeting is to be held to consider proposed transactions in which our single largest group of Shareholders or their respective close associates have any material interests, our single largest group of Shareholders and their respective close associates (as applicable) will not vote on the relevant resolutions;

(c) our independent non-executive Directors will review whether there is any conflict of interests between our Group and our single largest group of Shareholders and their respective close associates and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) if any of our single largest group of Shareholders or Directors has a conflict of interest in a matter to be considered by our Board which our Board has determined to be material, the matter will be dealt with by a physical meeting rather than a written resolution. Additionally, our independent non-executive Directors with no material interest in the matter will be present at the relevant Board meeting;

(e) where the advice from an independent professional, such as a financial or legal advisor, is reasonably requested by our Directors (including independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; and

(f) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor who will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors' duties and corporate governance matters.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflict of interests between our Group and our single largest group of Shareholders and their respective close associates, and to protect our minority Shareholders' rights after the [REDACTED].