OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Xiao and Dr. Zhang, directly and indirectly, controlled approximately 52.28% of the voting rights at the general meetings of our Company, comprising: (i) approximately 32.97% of the issued share capital of our Company directly owned by Dr. Zhang; (ii) approximately 10.20% of the issued share capital of our Company directly owned by Mr. Xiao; (iii) approximately 4.32% of the issued share capital of our Company owned by Fengtian Investment, which is owned as to 30.63% by Dr. Zhang and 13.38% by Mr. Xiao, who is the executive partner of Fengtian Investment; (iv) approximately 3.09% of the issued share capital of our Company owned by Tianju Investment, which is owned as to 48.01% by Dr. Zhang, who is the executive partner of Tianju Investment; (v) approximately 1.06% of the issued share capital of our Company owned by Chongqing Ronghui, of which Mr. Xiao is the executive partner; (vi) approximately 0.37% of the issued share capital of our Company owned by Qingyuan Quanfa, of which Mr. Xiao is the executive partner; and (vii) approximately 0.27% of the issued share capital of our Company owned by Qingyuan Quanxing (together with Fengtian Investment, Tianju Investment, Chongqing Ronghui, and Qingyuan Quanfa, collectively the "**Controlled Entities**"), of which Dr. Zhang is the executive partner.

Save as disclosed above, as of the Latest Practicable Date, no other person holds a beneficial interest of 30% or more in any of the Controlled Entities.

Accordingly, Dr. Zhang, Mr. Xiao and their Controlled Entities, are a group of our Controlling Shareholders as of the Latest Practicable Date. Immediately following the completion of the [**REDACTED**] and the Conversion of Domestic Unlisted Shares into H Shares, Dr. Zhang, Mr. Xiao and their Controlled Entities will control approximately [**REDACTED**]% of the voting rights in our Company and will remain to be a group of our Controlling Shareholders upon the [**REDACTED**].

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 close associates after the [**REDACTED**].

Management independence

Our daily operational and management decisions are made by our Board and our senior management. Upon the [**REDACTED**], our Board will consist of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors, and we also have 3 additional senior management members (who are not Directors) to assist the day-to-day management of our business. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For details, please see "Directors, Supervisors and Senior Management" in this document.

Our Directors consider that our Board and senior management are able to perform the management role in our Group independent of our Controlling Shareholders for the following reasons: (a) each Director understands his/her fiduciary duties as a Director which require, amongst others, 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 interests; (b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, such Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests. For further details, see "— Corporate Governance"; (c) three out of nine Directors are independent non-executive Directors with extensive experience in various professions. They are appointed pursuant to the requirements of the Listing Rules, who will bring independent judgment to the decision-making process of our Board; (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, see "— Corporate Governance"; and (e) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Decisions within our Board are made collectively by majority votes in accordance with the Articles of Association and relevant laws, and no individual Director is empowered to make decisions independently unless otherwise authorized by our Board.

Operational independence

We are capable of making our own operational decisions and carrying out our own business operations independently. Our Group holds all the relevant material licenses, qualifications and permits required for conducting our business. Our Group has sufficient capital, facilities and employees to operate our business independently from the Controlling Shareholders and their close associates. Our Group also has independent access to our customers. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and its committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Hong Kong Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities.

Based on the above, our Directors are of the view that we operate independently from the group of our Controlling Shareholders and their close associates.

Financial independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders and their close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations. As of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any of our Controlling Shareholders to us.

Based on the above, Directors consider that our business is financially independent of our Controlling Shareholders and their close associates.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, it/he/she did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

We 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. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders: (a) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting; (b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting; (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and we shall disclose the decisions of the independent non-executive Directors either in our annual reports or by way of announcements; (d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules; (e) our Group has established internal control mechanisms to identify connected transactions. Any transactions between our Company and our 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; and (f) we have appointed WRise Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that the above corporate governance measures are sufficient to manage the potential conflicts of interest between our Group and our Controlling Shareholders and/or other Directors to protect minority Shareholders' rights after the [**REDACTED**].