OVERVIEW

As of the Latest Practicable Date, Mr. Liu, Shanghai Ruicong L.P. and Shanghai Ruiru L.P. held 13,102,135 Shares, 1,666,675 Shares and 497,865 Shares, respectively, representing approximately 51.43%, 6.54% and 1.95% of our total issued Shares, respectively. Mr. Liu is the sole general partner of both Shanghai Ruicong L.P. and Shanghai Ruiru L.P. and can exercise the voting rights attached to the Shares held by them. Hence, Mr. Liu, Shanghai Ruicong L.P. and Shanghai Ruiru L.P. are considered as a group of Controlling Shareholders, collectively holding approximately 59.93% of our total issued Shares as of the Latest Practicable Date.

Immediately following the completion of the Shares Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised), Mr. Liu, Shanghai Ruicong L.P., and Shanghai Ruiru L.P. will collectively hold approximately [**REDACTED**]% of our total issued Shares. Accordingly, Mr. Liu, Shanghai Ruicong L.P., and Shanghai Ruiru L.P. will remain as our Controlling Shareholders immediately after [**REDACTED**].

Mr. Liu is one of our executive Director, the chairman of our Board and our general manager. For further information of Mr. Liu, see "Directors and Senior Management" in this document. Shanghai Ruiru L.P. is a shareholding platform of Mr. Liu. As of the Latest Practicable Date, Shanghai Ruiru L.P. was owned as to 99.00% by Mr. Liu as sole general partner, and 1.00% by Ms. Lu Ying (路迎), the spouse of Mr. Liu, as limited partner. Shanghai Ruicong L.P. is our employee incentive platform. For further information of Shanghai Ruicong L.P., see "History, Development and Corporate Structure — Employee Incentive Platform" in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Company, 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 on our business independently of our Controlling Shareholders and their close associates after [**REDACTED**].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after [**REDACTED**], for the reasons stated below, we have full rights to make all decisions on, and to carry out, our own business operations independently. We have our independent and separate senior management team and our own staff to support the operations and management of our business. We have our own departments specializing in the respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We have registered the relevant intellectual property rights relating to relevant technologies of our business and our product candidates. We hold the licenses and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have access to suppliers and customers independently from and not connected to our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that there is no operational dependence by us on our Controlling Shareholders.

Management Independence

Our management and operational decisions are made by our Board and our senior management. Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. The executive Directors and senior management team are responsible for the day-to-day management of our operations. Other than Mr. Liu, our executive Director and one of our Controlling Shareholders, none of the other Directors, who forms the majority of our Board, is a Controlling Shareholder. Notwithstanding the roles of Mr. Liu as described above, our Directors are of the view that our Company is able to function independently from them for the following reasons:

(i) All of the other Directors are independent of Mr. Liu and decisions of our Board require the approval of a majority vote from our Board;

(ii) 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 Director with a view to promote the interests of our Company and our Shareholders as a whole;

(iii) Our Company has established internal control mechanisms to identify connected transactions to ensure that our Directors with material conflict of interest in a proposed transaction will abstain from voting on the relevant resolutions;

(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 is obliged to declare and fully disclose such potential conflict of interest and if such conflict of interest is material, such Director shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(v) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a director, 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.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Company independently.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, and reporting functions of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. In addition, our source of funding is independent from our Controlling Shareholders. As of the Latest Practicable Date, there were no loans, advances and balances due to and from our Controlling Shareholders, and no share pledges or guarantees provided by our Controlling Shareholders and their associates on our borrowings. Our Directors believe that we are able to obtain financing independently from our Controlling Shareholders. During the Track Record Period and up to the Latest Practicable Date, we had our own finance department and independent accounting systems.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates after [**REDACTED**]. We have also established an audit committee comprising three independent non-executive Directors in compliance with Rule 3.21 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Company and our Controlling Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed connected transactions with our Controlling Shareholders or any of their associates, our Controlling Shareholders and, where applicable, their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

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

(c) our Board consists of a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), with independent non-executive Directors representing not less than one-third of our Board 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 to perform their duties. They will review whether there is any conflict of interests between our Company and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) 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

(e) we have appointed China Everbright Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Company and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].