Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no Shares are issued under the Post-[**REDACTED**] Share Scheme), Mr. Ding, our founder, executive Director, chairman of the Board and Chief Executive Officer, will be interested in and control in aggregate 862,531,650 Shares through ESunyT Capital Co., LTD ("**ESunyT Capital**"), ETshine Capital Co., LTD ("**ETshine Capital**") and ESST Capital Co., LTD ("**ESST Capital**"), representing approximately [**REDACTED**]% of our total issued Shares in aggregate as follows:

- 512,531,650 Shares held by ESunyT Capital, which is wholly owned and controlled by Mr. Ding; and
- 350,000,000 Shares held by ETshine Capital, which is wholly owned by ESST Capital, which is in turn wholly owned by a trust with Mr. Ding as both the settlor and protector.

Therefore, Mr. Ding, ESunyT Capital, ETshine Capital and ESST Capital together will form a group of Controlling Shareholders upon the [**REDACTED**] under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

The Directors consider that our Group is capable of carrying on our business independently of Mr. Ding and his close associates after the [**REDACTED**] for the reasons set out below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of six executive Directors and three independent non-executive Directors. Mr. Ding, our Controlling Shareholder, is one of our executive Directors. For more information, please see the section headed "Directors and Senior Management."

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) 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;

(c) 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;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is(are) required to declare the nature of such interest before voting at the relevant Board meeting; and

(e) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in "—Corporate Governance Measures."

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group (through our subsidiaries) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have an independent internal control and accounting system and an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. There was no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates as of the Latest Practicable Date.

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders.

Competition

Our 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 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.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. We have adopted the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

(a) 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 their close associates, our Company will comply with the applicable Listing Rules;

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

(c) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(d) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expense;

(f) where a Shareholders' meeting is held pursuant to the Listing Rules to consider proposed transactions or arrangements in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders and their associates shall abstain from voting and their votes shall not be counted;

(g) we have appointed Guotai Junan Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(h) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors are of the view that sufficient corporate governance measures have been put in place to manage conflicts of interests between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].