OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Shanghai Wushan, Mr. Fan Shaowen and Dr. Fan Fan directly held 60,216,322, 15,638,795 and 30,546,020 A Shares, respectively, accounting for approximately 14.84%, 3.85% and 7.53% of the issued share capital of our Company, respectively. Meanwhile, Mr. Fan Shaowen held approximately 47.22% of Shanghai Wushan and Dr. Fan Fan, who is the daughter of Mr. Fan Shaowen, held approximately 6.78% of Shanghai Wushan. On August 17, 2020, Mr. Fan Shaowen and Dr. Fan Fan entered into the Concert Parties Agreement, pursuant to which (i) it was confirmed that Mr. Fan Shaowen and Dr. Fan Fan, by virtue of their relationship as father and daughter, have been acting in concert since April 29, 2015 when Dr. Fan Fan became a shareholder of our Company; and (ii) they agreed to continue to act in concert in relation to the operational development of our Company. Therefore, Shanghai Wushan, Mr. Fan Shaowen and Dr. Fan Fan are regarded as the Single Largest Group of Shareholders of our Company.

Accordingly, the Single Largest Group of Shareholders was entitled to exercise voting rights attached to the 106,401,137 A Shares, representing approximately 26.22% of the total issued share capital of our Company as of the Latest Practicable Date. Immediately following the completion of the [**REDACTED**], the Single Largest Group of Shareholders will be interested in approximately [**REDACTED**]% of our total share capital (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]) or approximately [**REDACTED**]% of our total share capital (assuming the [**REDACTED**] and the [**REDACTED**] are exercised in full).

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

For the purpose of the listing of our A Shares on the SSE STAR Market in June 2021, each of our Single Largest Group of Shareholders entered into a non-competition undertaking in favor of our Company on June 17, 2020, pursuant to which each of our Single Largest Group of Shareholders has undertaken, among others, that: (i) it/he/she will not, and will procure that enterprises controlled by it/him/her will not, directly or indirectly engage in any business that competes or may compete with the existing or future business of our Group, nor will it/he/she invest in any other enterprise that competes or is likely to compete with the business of our Group; and (ii) in the event of a breach of any terms of this undertaking causing loss to our Company, it/him/her agrees to indemnify our Company against all direct or indirect economic losses suffered.

Each member of the Single Largest Group of Shareholders confirmed that, as of the Latest Practicable Date, he/she/it did not have any interest in any business, other than our business, which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independent from our Single Largest Group of Shareholders after [**REDACTED**].

Management Independence

Our daily operational and management decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Our Board consists of four executive Directors, two non-executive Directors and three independent non-executive Directors. We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Single Largest Group of Shareholders for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, 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 interest;

- although Mr. Fan Shaowen, one of our Single Largest Group of Shareholders, acts as an executive Director of both Shanghai Wushan and our Company, the decision-making power of our Company for major events is not vested solely on Mr. Fan Shaowen. All other eight Directors of our Board and other members of the senior management are entitled to exercise the decision-making power of our Company according to laws, regulations and the Articles of Association, and are responsible for the daily operations in various aspects of our Company. The operating mechanism of our Board and the senior management has ensured the balance of rights and powers. Most members of our Board and the senior management of our Company have worked in our Group for many years and have substantial working experience in the industry in which our Group is engaged. They are familiar with our Group's business and will therefore be able to make business decisions that are in the best interests of our Group;

- there will be three independent non-executive Directors in the nine-member Board who are able to independently monitor the formulation and implementation of major decisions of our Company based on their education background and related working experience;

- 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 Single Largest Group of Shareholders or its associates, the interested Director(s), if any, 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;

- we have adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would support our independent management. See the paragraph headed "– Corporate Governance Measures" in this section below.

Having considered the above factor, our Directors are satisfied that our executive Directors and senior management are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Single Largest Group of Shareholders after [**REDACTED**].

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Single Largest Group of Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Single Largest Group of Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Single Largest Group of 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 Single Largest Group of Shareholders nor its close associates may intervene with our use of funds. We have opened accounts with banks independently and do not share any bank accounts with our Single Largest Group of Shareholders or its close associates. 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 a credit profile to support our daily operations.

As of the Latest Practicable Date, there were no loans, which are or may be secured by guarantees provided to us by the Single Largest Group of Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Single Largest Group of Shareholders:

(a) where a general meeting is held for considering proposed transactions in which any member of our Single Largest Group of Shareholders has a material interest, he/she/it 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 any member of our Single Largest Group of Shareholders, he/she/it shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(d) our Directors (including our independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 of the Hong Kong Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules, including the announcement, annual reporting and independent Shareholders' approval requirements (if applicable) under the Hong Kong Listing Rules;

(f) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our Shareholders; and

(g) we have appointed Alliance Capital Partners Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Hong Kong Listing Rules, including various requirements relating to directors' duties and corporate governance.

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