OVERVIEW

As of the Latest Practicable Date, Mr. Zhu Shuangquan and Mr. Zhu Shunquan were entitled to exercise the voting rights attached to approximately 14.61% and 14.48% of the total issued share capital of our Company, respectively. Pursuant to the Concert Party Agreement, Mr. Zhu Shuangquan and Mr. Zhu Shunquan have been acting in concert with each other since 2007 and will continue to act in concert after the [REDACTED]. Consequently, Mr. Zhu Shuangquan and Mr. Zhu Shunquan constituted our Single Largest Group of Shareholders, collectively entitled to exercise the voting rights attached to approximately 29.09% of our total issued share capital as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming (i) the [REDACTED] is not exercised, and (ii) no other changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED], and excluding any A Shares may be issued upon conversion of the Convertible Bonds), our Single Largest Group of Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital. For details of shareholding of our Single Largest Group of Shareholders, see "History and Corporate Structure — Concert Party Agreement and Single Largest Group of Shareholders" and "Substantial Shareholders" in this document.

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying out our business independently from the Single Largest Group of Shareholders and/or their respective close associates upon the [REDACTED] for the following principal reasons:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board, which acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, will consist of nine Directors comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. Notwithstanding the roles of Mr. Zhu Shuangquan and Mr. Zhu Shunquan in our Board and senior management team (where applicable), our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

(a) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefit and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their 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) our independent non-executive Directors account for one-third of the Board, and have extensive experience in their respective areas of expertise. They ensure the independence of our Board in making decisions affecting our Company; and

(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 any member of our Single Largest Group of Shareholders or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and will abstain from voting at the relevant meeting in accordance with the Listing Rules.

Operational Independence

We are in possession of all technologies relating to our Group's business and all requisite qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions.

We have independent access to customers, suppliers and other resources required for our business and, therefore, are not dependent on our Single Largest Group of Shareholders for any significant amount of our revenue, R&D, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, R&D, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, we are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Group of Shareholders or their close associates.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

(a) under the Articles of Association, where our Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

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

(c) our independent non-executive Directors are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(d) we have appointed First Shanghai Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance; and

(e) we have established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and Sustainability Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules.