
RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, controlled approximately 22.32% of voting rights in our Company. Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]), Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, will control approximately [REDACTED]% of voting rights in our Company. Therefore, Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 are, and will continue to be our Single Largest Group of Shareholders upon [REDACTED].

Each of Ningbo Jiexin, Great ASR1 and Great ASR2 is an employee shareholding platform of our Company without substantial business operations.

Ningbo Jiexin is managed by its general partner, Ningbo Jieyu Ruixin, which is wholly owned by Mr. TAI. Under Ningbo Jiexin’s partnership agreement, its general partner has exclusive authority to determine how the voting rights attached to the Shares held by Ningbo Jiexin are exercised. Mr. TAI holds a 49.25% interest in Great ASR1 and a 26.02% interest in Great ASR2. Under their respective governing documents, Mr. TAI is entitled to exercise 100% of the voting rights in each of Great ASR1 and Great ASR2. The other investors in the three platforms, all of whom are current or former employees of our Group, hold economic interests only and have no governance or contractual right to participate in determining how the voting rights attached to the Shares held by the platforms are exercised. In addition, pursuant to a concert party agreement entered into by Mr. TAI and the three platforms in September 2020, they have undertaken to act in concert regarding our Company’s operations and material decisions, including the exercise of voting rights attached to their Shares. Taken together, Mr. TAI has sole discretion to direct the exercise of all voting rights attached to the Shares held by Ningbo Jiexin, Great ASR1 and Great ASR2.

INDEPENDENCE OF OUR BUSINESS

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

Management Independence

Our business is managed and conducted by our Board and senior management. Our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

- (1) 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;
- (2) independent non-executive Directors comprise one-third of the Board, and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (3) 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 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; and

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- (4) as a company whose A Shares are listed on the Shanghai Stock Exchange, we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. Please see “— Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Single Largest Group of Shareholders.

Operational Independence

Our Group is not operationally dependent on the Single Largest Group of Shareholders. Our Group holds all material licenses and owns all relevant intellectual properties necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Group of 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 Single Largest Group of Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have 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 Single Largest Group of Shareholders. 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.

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 Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors 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:

- (1) 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;
- (2) our Company has established internal control mechanisms in relation to connected transactions. Upon [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;

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- (3) the independent non-executive Directors will periodically and, where circumstances require, review any actual or potential 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 minority Shareholders;
- (4) our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (5) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules;
- (6) 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 expense;
- (7) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor 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
- (8) we have established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. All of the members of our Audit Committee, including the chairperson, are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Single Largest Group of Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].