
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering, Mr. Su Hua, our co-founder, executive Director, chairman of the Board and Chief Executive Officer, will be interested in and will control, through Reach Best, 427,469,521 Class A Shares and 56,961,183 Class B Shares. Each Class A Shares has 10 votes per share and each Class B Shares has one vote per share, capable of being exercised on resolutions in general meeting. For certain Reserved Matters, the Class A Shares beneficially owned by Mr. Su Hua carry one vote per share.

Assuming (a) the Over-allotment Option is not exercised; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- (1) Mr. Su Hua's aggregated shareholding will be approximately 11.79% of our total issued share capital and he will hold approximately 39.36% of the voting rights in the Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to the Reserved Matters, in relation to which each share is entitled to one vote).
- (2) In relation to the Reserved Matters, the Class A Shares beneficially owned by Mr. Su Hua carry one vote per share, and the aggregate percentage of voting rights that Mr. Su Hua may exercise in respect of the Reserved Matters is approximately 11.79%.

Assuming (a) the Over-allotment Option is fully exercised, pursuant to which Mr. Su Hua (through Reach Best) may be required to sell up to 2,247,400 Class B Shares; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- (1) Mr. Su Hua's aggregated shareholding will be approximately 11.59% of our total issued share capital and he will hold approximately 39.16% of the voting rights in the Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to the Reserved Matters, in relation to which each share is entitled to one vote).
- (2) In relation to the Reserved Matters, the Class A Shares beneficially owned by Mr. Su Hua carry one vote per share, and the aggregate percentage of voting rights that Mr. Su Hua may exercise in respect of the Reserved Matters is approximately 11.59%.

Therefore, Mr. Su Hua and Reach Best will be our Controlling Shareholders after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering, Mr. Cheng Yixiao, our co-founder, executive Director and Chief Product Officer, will be interested in and will control, through Ke Yong, 338,767,480 Class A Shares and 45,568,873 Class B Shares. Each Class A Shares has 10 votes per share and each Class B Shares has one vote per share, capable of being exercised on resolutions in general meeting. For certain Reserved Matters, the Class A Shares beneficially owned by Mr. Cheng Yixiao carry one vote per share.

Assuming (a) the Over-allotment Option is not exercised; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- (1) Mr. Cheng Yixiao's aggregated shareholding will be approximately 9.36% of our total issued share capital and he will hold approximately 31.20% of the voting rights in the Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to the Reserved Matters, in relation to which each share is entitled to one vote).
- (2) In relation to the Reserved Matters, the Class A Shares beneficially owned by Mr. Cheng Yixiao carry one vote per share, and the aggregate percentage of voting rights that Mr. Cheng Yixiao may exercise in respect of the Reserved Matters is approximately 9.36%.

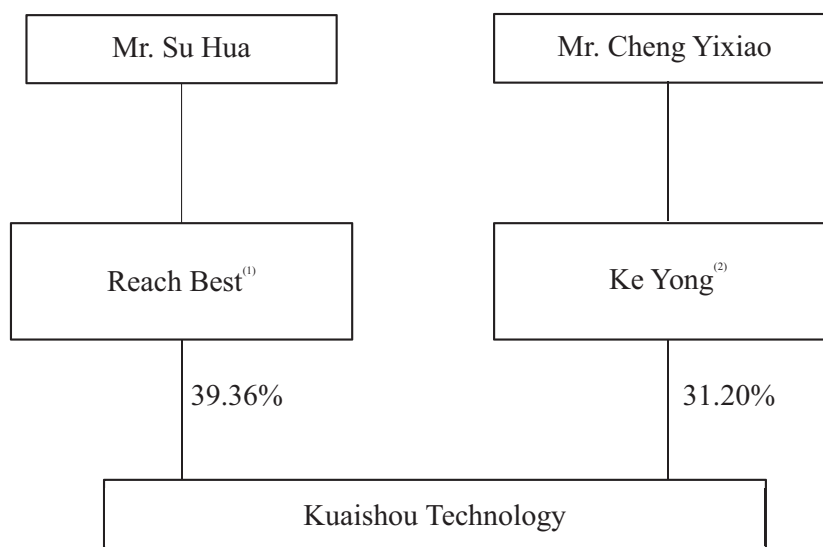
Assuming (a) the Over-allotment Option is fully exercised, pursuant to which Mr. Cheng Yixiao (through Ke Yong) may be required to sell up to 1,798,000 Class B Shares; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- (1) Mr. Cheng Yixiao's aggregated shareholding will be approximately 9.20% of our total issued share capital and he will hold approximately 31.04% of the voting rights in the Company through shares beneficially owned by him capable of being exercised on resolutions in general meetings (except for resolutions with respect to the Reserved Matters, in relation to which each share is entitled to one vote).
- (2) In relation to the Reserved Matters, the Class A Shares beneficially owned by Mr. Cheng Yixiao carry one vote per share, and the aggregate percentage of voting rights that Mr. Cheng Yixiao may exercise in respect of the Reserved Matters is approximately 9.20%.

Therefore, Mr. Cheng Yixiao and Ke Yong will be our Controlling Shareholders after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The following diagram illustrates the ultimate beneficial interest of our Controlling Shareholders' voting rights for resolutions in general meetings with respect to matters other than the Reserved Matters, immediately following the completion of the Global Offering (assuming (a) the Over-allotment Option is not exercised; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme):



Notes:

- (1) Immediately after the completion of the Global Offering (assuming (a) the Over-allotment Option is not exercised; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme), Reach Best will hold 427,469,521 Class A Shares and 56,961,183 Class B Shares, representing an aggregate of approximately 39.36% of the voting rights in the Company capable of being exercised on resolutions in general meetings and approximately 11.79% of the voting rights in the Company in relation to the Reserved Matters. The entire interest of Reach Best is held through a trust which was established by Mr. Su Hua (as the settlor) for the benefit of Mr. Su Hua and his family.
- (2) Immediately after the completion of the Global Offering (assuming (a) the Over-allotment Option is not exercised; (b) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (c) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO RSU Scheme), Ke Yong will hold 338,767,480 Class A Shares and 45,568,873 Class B Shares, representing an aggregate of approximately 31.20% of the voting rights in the Company capable of being exercised on resolutions in general meetings and approximately 9.36% of the voting rights in the Company in relation to the Reserved Matters. The entire interest of Ke Yong is held through a trust which was established by Mr. Cheng Yixiao (as the settlor) for the benefit of Mr. Cheng Yixiao and his family.

For further information about the weighted voting rights attached to the Class A Shares, see “Share Capital.”

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. For more information, see “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 fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his 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 required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures” in this section for further information.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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 Controlling Shareholders.

Operational Independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders and their respective associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective associates after the Listing:

- (a) we are not reliant on trademarks owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders;
- (b) we are the holder of all relevant licenses material to the operation of our business;
- (c) we have independent access to our users, customers and suppliers;
- (d) we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders;
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and
- (f) none of our Controlling Shareholders or their respective associates have any interests in any business which competes or is likely to compete with the business of our Group.

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

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be outstanding as of the Listing Date.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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 respective close associates after the Listing.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

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 that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company and 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. In light of this, our Company has established a Corporate Governance Committee pursuant to Rule 8A.30 which has adopted terms of reference consistent with Code Provision D.3.1 of Appendix 14 to, and Rule 8A.30 of, the Listing Rules. The members of the Corporate Governance Committee are independent non-executive Directors with extensive experience in overseeing corporate governance related functions of private and Hong Kong listed companies. The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structure of the Company.

Under the Articles of Association, extraordinary general meetings of the Company may be convened and resolutions may be added to the meeting agenda on the written requisition of any one or more members holding, as at the date of deposit of the requisition, in aggregate shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company (on a one share one vote basis). In addition, pursuant to the Shareholder communication policy to be adopted by the Company upon Listing, Shareholders are encouraged to put governance related matters to the Directors and to the Company directly in writing.

RELATIONSHIP WITH OUR CONTROLLING 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 Controlling Shareholders:

- (a) under the Articles, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, the relevant Controlling Shareholders or associates will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling 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;
- (e) 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;
- (f) 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;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (g) we have appointed China Renaissance Securities (Hong Kong) 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
- (h) we have established our Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. All of the members of our Audit Committee, including the chairman, 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 Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.