
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhao, our Founder, chairman of the Board, executive Director and Chief Executive Officer held 140,830,401 Class B Ordinary Shares, representing approximately [74.3]% of the aggregate voting power of our total issued and outstanding Shares, after taking into account the super-voting rights of the 140,830,401 Class B Ordinary Shares controlled by him through TECHWOLF LIMITED. Each Class B Ordinary Share is entitled to fifteen votes, and each Class A Ordinary Share is entitled to one vote at a general meeting of our Company. We will convene an AGM prior to the [REDACTED] for the purpose of approving the proposals to amend and restate our memorandum and articles of association, such that the revised articles will comply with the relevant requirements under the Listing Rules. After the aforementioned amendments, Class B Ordinary Shares of the Company shall have voting rights of ten votes per share upon [REDACTED].

Immediately after the completion of the [REDACTED], each Class B Ordinary Share shall be entitled to ten votes and each Class A Ordinary Share shall be entitled to one vote at a general meeting of our Company pursuant to the Articles of Association to take effect upon [REDACTED]. As such, Mr. Zhao, our Founder, Chairman of the Board, executive Director and Chief Executive Officer, will be interested in and will control, through his intermediaries, an aggregate of [REDACTED] Class B Ordinary Shares. Assuming (i) the [REDACTED] is not exercised, (ii) no further Shares are issued under the 2020 Share Incentive Plan and (iii) excluding the 17,454,538 Class A Ordinary Shares (as of the Latest Practicable Date) issued to the Depository for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2020 Share Incentive Plan, Mr. Zhao’s shareholding represents (a) approximately [REDACTED]% of our issued and outstanding Shares; (b) approximately [REDACTED]% of the voting rights in our Company with respect to shareholder resolutions relating to matters other than the Reserved Matters, and (c) approximately [REDACTED]% with respect to shareholder resolutions relating to Reserved Matters.

Mr. Zhao holds his interests in the Company through TECHWOLF LIMITED. The entire interest of TECHWOLF LIMITED is held by a trust that was established for the benefit of Mr. Zhao and his family. Therefore Mr. Zhao and TECHWOLF LIMITED will be the Controlling Shareholders of our Company after the [REDACTED].

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 its close associates after the [REDACTED].

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Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of nine Directors comprising five executive Directors, one non-executive Directors and three independent non-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) our Directors are aware of their fiduciary duties as a director which require, among others, that they act for the benefit and in the interest of our Company 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) 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 the Controlling Shareholders. Our Company (through our subsidiaries and consolidated affiliated entities) holds all relevant 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.

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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 its associates will be outstanding as of the [REDACTED] Date.

Based on the above, our Directors are of the view that our business is financially independent of our Controlling Shareholders and 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 its close associates after the [REDACTED].

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 our Directors are committed to upholding and implementing the highest standards of corporate governance and recognise the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

In light of this, the Company has established a nominating and 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 nominating and corporate governance committee are independent non-executive Directors with experience in overseeing corporate governance related functions of private and listed companies. The primary duties of the nominating and 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 its WVR structure.

Under the Articles of Association, extraordinary general meetings of the Company may be convened 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. In addition, pursuant to the Shareholder communication policy to be adopted by the Company upon [REDACTED], Shareholders are encouraged to put governance related matters to the Directors and to the Company directly in writing.

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We will also adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) 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 have a material interest, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted;
- (b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [REDACTED];
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the “**Annual Review**”) 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 or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;
- (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 advisers, the appointment of such independent professionals will be made at our Company’s expense;
- (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, compensation committee, nomination committee and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules.

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