
DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets forth information regarding our directors and senior management.

Name	Age	Position/Title	Date of appointment	Year of joining our Group
<i>Directors⁽¹⁾</i>				
Bin Li	47	Co-founder, Chairman of the Board of Directors and Chief Executive Officer	December 2014	2014
Lihong Qin	48	Co-founder, Director and President	December 2014	2014
James Gordon Mitchell	48	Director	September 2018	2018
Hai Wu	53	Independent director ⁽²⁾	July 2016	2016
Denny Ting Bun Lee	54	Independent director ⁽²⁾	September 2018	2018
Yu Long	49	Independent director ⁽²⁾	July 2021	2021
<i>Senior Management</i>				
Xin Zhou	51	Executive Vice President	May 2015	2015
Feng Shen	58	Executive Vice President	December 2017	2017
Ganesh V. Iyer	54	Chief Information Officer	January 2016	2016
Wei Feng	42	Chief Financial Officer	November 2019	2019

Notes:

- (1) Our board consists of six directors, including three independent directors. See “—Board Practices” for the functions and duties of our board. Our board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws, including the Hong Kong Listing Rules.
- (2) Our independent directors under applicable U.S. regulations are also independent non-executive directors for the purpose of the Hong Kong Listing Rules. We have determined that Denny Ting Bun Lee qualifies as an “audit committee financial expert” under the applicable rules of the SEC and has the appropriate professional accounting or financial management experience.

Save as disclosed below, none of our directors held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document and there are no family relationships among any of the directors or executive officers of our Company. See “Major Shareholders” for disclosure of interests of the directors and executive officers. There is no material matter relating to our directors that needs to be brought to the attention of our shareholders and the information of our directors disclosed in this document comply with the requirements under Rule 13.51(2) of the Hong Kong Listing Rules in all material respects.

BIOGRAPHIES

Our Directors

Mr. Bin Li (李斌) is our founder and has served as chairman of the board since our inception and our chief executive officer since March 2018. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006. From 2010 to 2020, Mr. Li served as chairman of the board of directors at Bitauto Holdings Limited (previously

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listed on NYSE with stock code BITA), a former NYSE-listed automobile service company and a leading automobile service provider in China. In 2002, Mr. Li co-founded Beijing Creative & Interactive Digital Technology Co., Ltd. as the chairman of the board of directors and had served as its president and director. Mr. Li received his bachelor's degree in sociology from Peking University.

Mr. Lihong Qin (秦力洪) is our co-founder and has served as our director and our president since our inception. Prior to joining us, Mr. Qin served as chief marketing officer and executive director at Longfor Properties Co., Ltd. (HKEX: 960), a leading company involved in property development and investment in China, from 2008 to 2014. He also served as deputy general manager at Anhui Chery Automobile Sales and Service Company from 2005 to 2008, as senior consultant and project manager at Roland Berger Strategy Consultants from 2003 to 2005. Mr. Qin received his bachelor's degree and a master's degree in law from Peking University in 1996 and 1999, respectively, and a master's degree in public policy from Harvard University in 2001.

Mr. James Gordon Mitchell has served as our director since September 2018. Currently, Mr. Mitchell serves as Senior Executive Vice President and Chief Strategy Officer of Tencent Holdings (HKEX: 700), where he has worked since July 2011. Mr. Mitchell has also served as the Chairman and Non-Executive director of the board of China Literature Limited (HKEX: 772) since June 2017. He is also a director of certain other listed companies including Frontier Developments Plc (AIM: FDEV), Tencent Music Entertainment Group (NYSE: TME), Universal Music Group (EURONEXT: UMG) and of several unlisted companies. Prior to joining Tencent, Mr. Mitchell was a managing director at Goldman Sachs. He is a CFA® Charterholder and received a bachelor of arts degree in ancient and modern history from Oxford University.

Mr. Hai Wu (吴海) has served as our director since July 2016. Mr. Wu has served as a managing partner of Cenova Capital since May 2019. He has extensive experience in investments and management. Prior to Cenova Capital, Mr. Wu served as an executive director of China at Temasek Holdings Advisors (Beijing) Co., Ltd. since April 2014. Prior to that, Mr. Wu was the chief executive officer at Ramaxel Technology (Shenzhen) Limited from April 2012 to February 2014 and a managing director at CITIC Private Equity Funds Management Co., Ltd. from March 2010 to May 2012. Prior to that, Mr. Wu had served at Beijing Branch office of McKinsey & Company for more than ten years and was appointed as the global director and managing partner until February 2010. He also served as a non-executive director of COFCO Meat Holdings Limited (HKEX: 1610) from September 2015 to December 2017. He received a bachelor's degree in physiology from Peking University, a master's degree in business administration from the Johnson School of Management, Cornell University and a doctoral degree in biomedical science from Rutgers University.

Mr. Denny Ting Bun Lee (李廷斌) has served as our director since September 2018. Mr. Lee serves as an independent non-executive director on the board of NetEase, Inc. (Nasdaq: NTES; HKEX: 9999), a leading internet and online game service provider in China listed on the Nasdaq Global Select Market. He was the chief financial officer of NetEase, Inc. from 2002 to 2007. Prior to joining NetEase, Inc., Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee currently serves as an independent non-executive director and the chairman of the audit committees of the following three companies: (1) Jianpu Technology Inc. (NYSE: JT), a company listed on the NYSE, (2) New Oriental Education & Technology Group Inc. (NYSE: EDU; HKEX: 9901), a provider of private education services in China listed on the NYSE, and (3) China Metal Resources Utilization Ltd. (HKEX: 1636), a company principally engaged in the manufacture and sales of copper and related products in China listed on the main board of The Hong Kong Stock Exchange. He was also an independent

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non-executive director and the chairman of the audit committee of Concord Medical Services Holdings Limited (NYSE: CCM), a leading specialty hospital management solution provider and operator in China listed on the NYSE, from December 2009 to May 2021. Mr. Lee graduated from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants.

Ms. Yu Long (龍宇) has served as our director since July 2021. Ms. Long currently serves as the Founding and Managing Partner of BAI Capital. She also serves as a member of Bertelsmann Group Management Committee and the governor of China Venture Capital and Private Equity Association Limited. Formerly, Ms. Long was the chief executive officer of Bertelsmann China Corporate Center and the managing partner of Bertelsmann Asia Investments. Prior to that, she was a Principal at Bertelsmann Digital Media Investments. She joined the international media, services, and education company via the Bertelsmann Entrepreneurs Program in 2005. Ms. Long is a member of the World Economic Forum's Young Global Leaders Advisory Council and its Global Agenda Council on the Future of Media, Entertainment & Information and was a member of the Stanford Graduate School of Business Advisory Council from May 2015 to May 2021. Ms. Long serves on the board of directors and as a member of the audit committee of Tapestry Inc. (NYSE: TPR, its portfolio includes Coach, Stuart Weitzman and Kate Spade) and LexinFintech Holdings Ltd. (NASDAQ: LX), respectively. Ms. Long received a bachelor's degree in electrical engineering from University of Electronic Science and Technology in China and an MBA from Stanford Graduate School of Business.

Our Senior Management

Mr. Feng Shen (沈峰) joined our Company in December 2017, and currently serves as our executive vice president and chairman of quality management committee. Mr. Shen worked in several senior executive management roles, such as president of Polestar China and global chief technology officer at Polestar, president at Volvo Cars China R&D Company, vice president of Volvo Cars Asia-Pacific Operation, and chairman at China-Sweden Traffic Safety Research Center from 2010 to 2017. Prior to that, Mr. Shen served in various roles, including powertrain manager and six-sigma quality management master, at Ford Motor Company (NYSE: F) from 1999 to 2010 in the United States and China. Mr. Shen received a bachelor's degree in mathematics and mechanics and a master's degree in applied mechanics from Fudan University in 1984 and 1987, respectively. He also received a doctoral degree in mechanical engineering from Auburn University in 1996.

Mr. Xin Zhou (周欣) joined our Company in April 2015. He has served as the chairman of product committee since 2017, and currently serves as our executive vice president. Prior to joining our Company, Mr. Zhou served as executive director at Qoros Automotive Co., Ltd. from September 2009 to April 2015. Prior to that, he was the engagement manager of McKinsey & Co. from April 2007 to August 2009, and executive director of Lear Corp. (NYSE: LEA) from May 1998 to April 2007. From 1995 to 1998, Mr. Zhou worked at General Motors China Inc. Mr. Zhou received a bachelor's degree in applied science from Fudan University in 1992 and a master's degree in business administration from China Europe International Business School in 2008.

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Mr. Wei Feng (奉璋) has served as our Chief Financial Officer since November 2019. Prior to joining our Company, Mr. Feng served as managing director and head of the auto and auto parts research team at China International Capital Corporation. Prior to that, Mr. Feng served as an industry analyst at Everbright Securities Co. Ltd. from 2010 to 2013. Mr. Feng's career also includes more than five years' working experience within the ZF (China) Investment Co., Ltd. where he participated in numerous corporate matters. Mr. Feng received his bachelor's degree in Engineering from the Department of Automotive Engineering at Tsinghua University, and his joint master's degree in Automotive System Engineering from RWTH Aachen University in Germany and Tsinghua University in China.

Mr. Ganesh V. Iyer has served as our global chief information officer since April 2016 and managing director of NIO U.S. since December 2018. Mr. Iyer has over 32 years of experience delivering results in various industries including autonomous technology, hi-tech, manufacturing, and telecom. Mr. Iyer worked as vice president of Information Technology at Tesla Inc. (Nasdaq: TSLA) until 2016. Prior to Tesla, where he served as vice president of Information Technology, Mr. Iyer joined VMWare (NYSE: VMW) in 2010 and held senior information technology leadership roles at VMWare. Prior to VMWare, Mr. Iyer served as director of information technology at Juniper Networks (NYSE: JNPR) and WebEx and worked in consulting primarily at Electronic Data Systems. Mr. Iyer received a bachelor's degree in chemical engineering from the University of Calicut in India.

COMPENSATION

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based.

Each executive officer has agreed to hold, both during and after the termination or expiry of the executive officer's employment agreement, in strict confidence and not to use, except as required in the performance of the executive officer's duties in connection with the executive officer's employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

We have entered into indemnification agreements/arrangements with each of our directors. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our Company.

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Compensation of Directors and Executive Officers

For each of the three years ended December 31, 2020, we paid an aggregate of approximately US\$2.8 million, US\$2.26 million and US\$2.2 million, respectively, in cash to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and VIE are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our directors and executive officers, see "— Stock Incentive Plans."

Stock Incentive Plans

Our board of directors has approved and adopted share-based awards under four stock incentive plans, namely, the 2015 Stock Incentive Plan, or the 2015 Plan, the 2016 Stock Incentive Plan, or the 2016 Plan, the 2017 Stock Incentive Plan, or the 2017 Plan, and the 2018 Stock Incentive Plan, or the 2018 Plan. The terms of the 2015 Plan, the 2016 Plan and the 2017 Plan are substantially similar. The purpose of our stock incentive plans is to attract and retain the best available personnel, to provide additional incentives to our employees, directors and consultants and to promote the success of our business. Our board of directors believes that our long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

Under the 2015 Plan, the 2016 Plan and the 2017 Plan, the maximum numbers of Class A ordinary shares which may be issued pursuant to all awards are 46,264,378, 18,000,000 and 33,000,000, respectively. Under the 2018 Plan, the maximum number of shares available for issuance pursuant to all awards is initially 23,000,000 Class A ordinary shares, which amount will automatically increase each year by the number of shares representing 1.5% of the then total issued and outstanding share capital of our Company as of the end of each preceding year. As of November 30, 2021, awards to purchase an aggregate amount of 95,872,098 Class A ordinary shares under our stock incentive plans have been granted and are outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates.

The following paragraphs describe the principal terms of the 2015 Plan, the 2016 Plan and the 2017 Plan.

Types of Awards. Our stock incentive plans permit the awards of options, restricted shares, restricted share units, share appreciation rights, dividend equivalent right or other right or benefit under each plan.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors or officers will administer our stock incentive plans. The committee or the full board of directors, as applicable, will determine the grantees to receive awards, the type and number of awards to be granted to each grantee, and the terms and conditions of each award grant.

Award Agreement. Awards granted under our stock incentive plans are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend the award.

Eligibility. We may grant awards to our employees, consultants and directors.

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Vesting Schedule. Except as approved by the plan administrator, options to be issued to the grantees under the stock incentive plans shall be subject to a minimum four (4) year vesting schedule calling for vesting no earlier than the following, counting from the applicable grant date or vesting commencement date (as determined by the plan administrator) with respect to the total issued options: the option representing 25% of the Class A ordinary shares under the option shall vest at the end of the first twelve (12) months commencing from the vesting commencement date, with remaining portions vesting in equal monthly installments over the next thirty-six (36) months.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, In the case of an option granted to an employee who, at the time the option is granted, owns (or, pursuant to Section 424(d) of the U.S. Code, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of shares of us or our subsidiary or affiliate, the term of the option will not be longer than seven to ten years from the date of grant under the 2017 Plan, or five years from the date of grant under the 2015 Plan and the 2016 Plan.

Drag-Along Events. Except as provided in the applicable award agreement or sub-plan, in the event of a drag-along event specified under the stock incentive plans, the grantees who hold any Class A ordinary shares upon exercise of the award shall sell, transfer, convey or assign all of their shares pursuant to, and so as to give effect to, the drag-along event, and each of such grantees shall grant to the board of directors or a person authorized by the board of directors, a power of attorney to transfer, sell, convey and assign the grantee's shares and to do and carry out all acts and to execute all documents that are necessary or advisable to complete the drag-along event.

Transfer Restrictions. Awards shall be transferable, subject to applicable laws, (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, to the extent and in the manner authorized by the plan administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee's award in the event of the grantee's death on a beneficiary designation form provided by the plan administrator.

Termination and Amendment of the Plan. Unless terminated earlier or extended before expiration, each of our stock incentive plans has a term of ten years. The board of directors has the authority to terminate, amend or modify the stock incentive plans; *provided, however*, that no such amendment shall be made without the approval of our shareholders to the extent such approval is required by applicable laws or provisions of the stock incentive plans. However, without the prior written consent of the grantee, no such action may adversely affect any outstanding award previously granted pursuant to the stock incentive plan.

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The following paragraphs describe the principal terms of the 2018 Plan.

Types of Awards. The 2018 Plan permits the awards of options, restricted shares or any other type of awards that the committee grants.

Plan Administration. Our board of directors or a committee of one or more members of our board of directors will administer the 2018 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2018 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to the employees, directors and consultants of our Company. However, we may grant incentive share options only to our employees, parent and subsidiaries.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of an option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is five years from the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination and amendment of the 2018 Plan. Unless terminated earlier, the 2018 Plan has a term of five years from January 1, 2019. Our board of directors has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

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The following table summarizes, as of November 30, 2021, the awards granted under the 2015 Plan, the 2016 Plan, the 2017 Plan and 2018 Plan to several of our executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

<u>Name</u>	Class A Ordinary Shares Underlying Options and Restricted Share Units	Exercise Price (US\$/Share**)	Date of Grant	Date of Expiration
Bin Li	15,000,000	2.55	March 1, 2018	February 29, 2028
		N/A	March 5, 2020	
Lihong Qin	*	2.39	April 2, 2020	April 1, 2030
		2.55	February 28, 2018	February 27, 2028
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
Xin Zhou	*	2.05	September 25, 2019	September 24, 2026
		2.39	April 2, 2020	April 1, 2030
		2.55	February 28, 2018	February 27, 2028
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
Denny Ting Bun Lee	*	N/A	September 12, 2018	
		N/A	August 13, 2020	
		N/A	September 12, 2020	
Hai Wu	*	3.61	May 29, 2019	May 29, 2026
Feng Shen	*	1.8	December 31, 2017	December 30, 2027
		2.05	September 25, 2019	September 24, 2026
		2.39	April 2, 2020	April 1, 2030
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
Wei Feng	*	1.8	November 18, 2019	November 17, 2026
		2.39	April 2, 2020	April 1, 2030
		3.98	May 29, 2020	May 28, 2027
		N/A	March 5, 2020	
Ganesh V. Iyer . . .	*	2.05	September 25, 2019	September 24, 2026
		0.27	May 3, 2016	May 2, 2026
		2.55	March 1, 2018	February 29, 2028
		2.39	April 2, 2020	April 1, 2030
Yu Long	*	N/A	July 12, 2021	
Total	<u>95,872,098</u>			

* Less than one percent of our total outstanding shares.

** Applicable to options only.

As of November 30, 2021, other grantees as a group held awards of options to purchase 71,531,398 Class A ordinary shares of our Company. The exercise prices of the options range from US\$0.1 to US\$48.45 per share.

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BOARD PRACTICES

Board of Directors

The board of directors of our Company, or the board, consists of six directors. A director is not required to hold any shares in our Company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is interested provided that such director has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice. The directors may exercise all the powers of our Company to borrow money, mortgage our Company's undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our Company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Denny Ting Bun Lee and Hai Wu. Denny Ting Bun Lee is the chairman of our audit committee. We have determined that Denny Ting Bun Lee and Hai Wu satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act. We have determined that Denny Ting Bun Lee qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our Company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and

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- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee

Our compensation committee consists of Hai Wu, Denny Ting Bun Lee and Bin Li. Hai Wu is the chairman of our compensation committee. We have determined that Hai Wu satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting any compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Yu Long, Hai Wu and Denny Ting Bun Lee. Yu Long is the chairperson of our nominating and corporate governance committee. Yu Long, Hai Wu and Denny Ting Bun Lee satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

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In addition, in accordance with Rule 8A.30 of the Hong Kong Listing Rules, the work of the nominating and corporate governance committee as set out in its charter also includes:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;
- (f) to review and monitor whether the Company is operated and managed for the benefit of all of its shareholders;
- (g) to confirm, on an annual basis, that the WVR beneficiary has been members of the Company's board of Directors throughout the year and that no matters under Rule 8A.17 of the Hong Kong Listing Rules have occurred during the relevant financial year;
- (h) to confirm, on an annual basis, whether or not the WVR beneficiary has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Hong Kong Listing Rules throughout the year;
- (i) to review and monitor the management of conflicts of interests and make a recommendation to the board of Directors on any matter where there is a potential conflict of interest between the Company, its subsidiary or consolidated affiliated entity and/or shareholder on one hand and the beneficiary on the other;
- (j) to review and monitor all risks related to the Company's WVR structure, including connected transactions between the Company and/or its subsidiary or consolidated affiliated entity on one hand and the beneficiary on the other and make a recommendation to the board of Directors on any such transaction;
- (k) to make a recommendation to the board of Directors as to the appointment or removal of the Compliance Adviser;
- (l) to seek to ensure effective and on-going communication between the Company and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Hong Kong Listing Rules; and
- (m) to report on the work of the corporate governance committee on at least a half-yearly and annual basis covering all areas of its terms of reference, including disclosing, on a comply or explain basis, its recommendations to the Board in respect of the matters in items (i) to (k) above.

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Pursuant to Rule 8A.32 of the Listing Rules, the Corporate Governance Report prepared by our Company for inclusion in our interim and annual reports after Listing will include a summary of the work of the corporate governance committee for the relevant period.

Board Diversity

Our Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and/or length of service.

Upon the Listing, the nominating and corporate governance committee will from time to time (i) discuss and agree on expected goals to ensure board diversity, and (ii) review and, where necessary, update the board diversity policy to ensure that the policy remains effective.

In particular, our Company currently has one female Director, alongside five male directors (representing 1/6 of the Board), it will continue to work towards enhancing the gender diversity of the Board. The nomination and corporate governance committee will use its best endeavors to, within five years after the Listing, identify and recommend at least one female candidate to our Board for its consideration on appointment of a Director, with the goal to achieve no less than 20% of female Board representatives within five years following the Listing, subject to our Directors (i) being satisfied with the competence and experience of the relevant candidates after a holistic review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interest of our Company and the shareholders as a whole when deliberating on the appointment. These initiatives will form part of the agenda of our nomination and corporate governance committee from time to time to ensure due implementation.

To develop a pipeline of potential female successors to the Board, our Company will (i) ensure that there is particular emphasis on gender diversity when recruiting staff at mid to senior levels; and (ii) engage more resources in training female staff with the aim of promoting them to be members of senior management or the Board. Through this, the Company is committed to identifying suitable female candidates both internally and externally in order to achieve the abovementioned board representation target.

Role of our Independent Non-executive Directors

Pursuant to Rule 8A.26 of the Hong Kong Listing Rules, the role of the independent non-executive directors of a listed company with WVR structure must include, but is not limited to, the functions described in code provisions A.6.2, A.6.7 and A.6.8 of the Corporate Governance Code. The functions of our independent non-executive Directors include:

- (a) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and other governance committees, if invited;
- (d) scrutinizing our Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

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- (e) giving the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation;
- (f) making a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments; and
- (g) attending general meetings and developing a balanced understanding of the views of our Shareholders.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our Company, including a duty to act honestly, and a duty to act in good faith. The directors must act bona fide in what they consider to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to act with skills they actually possess and exercise the care and diligence that would be displayed by a reasonable director in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles of Association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our directors owe their fiduciary duties to our Company and not to our Company's individual shareholders, and it is our Company which has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Legal proceedings and compliance

From time to time, we may be involved in legal proceedings in the ordinary course of our business. Several securities class action lawsuits were filed against, amongst others, us and certain of our directors and officers (including Bin Li, Lihong Qin, Yaqin Zhang, Tian Cheng, Hai Wu, Xiang Li, Zhaohui Li, Xiangping Zhong). For further details of the legal proceedings and the risks associated with the class actions, see "Business — Legal Proceedings and Compliance" and "Risk Factors — Risks Related to our Business and Industry."

Based on the currently available information and independent due diligence work conducted by the Joint Sponsors, including but not limited to, (1) reviewing the court documents made available to the Joint Sponsors and public record and announcements issued by our Company relating to the class action lawsuits in the United States, (2) conducting background searches on the Directors, and (3) obtaining confirmation from the Directors during the due diligence interviews that they have consistently acted in good faith in discharging their duties and responsibilities as a director, respectively, the Joint Sponsors are of the view that the class action lawsuits in the United States do not affect the suitability of the Directors to serve at the board of our Company.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

DIRECTORS AND SENIOR MANAGEMENT

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and other distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our Company and mortgaging the property of our Company; and
- approving the transfer of shares in our Company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office (unless there is any written agreement between our Company and such director) and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board pursuant to our twelfth amended and restated Memorandum and Articles of Association. The office of a director shall be vacated if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) is found to be or becomes of unsound mind.