
RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

OVERVIEW

As at the Latest Practicable Date, Mr. Fu was entitled to exercise the voting rights attaching to approximately 27.0877% of our total Shares directly. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Fu will be able to exercise, in aggregate, attaching to [REDACTED]% of the voting rights of our total issued Shares and therefore will constitute our Single Largest Shareholder upon [REDACTED] pursuant to the GEM Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Single Largest Shareholder and his close associates after the [REDACTED].

Management Independence

We are able to carry on our business independently from our Single Largest Shareholder from a management perspective. Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Our Directors are of the view that our Company is able to function independently from our Single Largest Shareholder for the following reasons:

- (a) all of the independent non-executive Directors are independent of our Single Largest Shareholder;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (c) our daily management and operations are carried out by our 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;
- (d) 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;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder which would support our independent management.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

Based on the above, our Directors believe that our Board as a whole, together with our senior management, will be able to perform the managerial role in our Group independently from our Single Largest Shareholder and their close associates after the [REDACTED].

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Single Largest Shareholder or his close associates for business development, staffing, administration, sales and marketing activities.

We have independent access to our suppliers and customers, and an independent management team to handle our day-to-day operations. We are in possession of all relevant licences which are material to carrying on and operating our business and have sufficient operational capacity in terms of capital and employees to operate independently from our Single Largest Shareholder and/or his respective close associates.

Based on the above, our Directors are satisfied that we had been operating independently of our Single Largest Shareholder and his close associates during the Track Record Period and up to the Latest Practicable Date and will continue to maintain such operational independence upon and after the [REDACTED].

Financial Independence

We have the ability to operate independently from our Single Largest Shareholder and his close associates from the financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function for cash receipts and payments, independent access to third party financing, and our Audit Committee comprising solely our independent non-executive Directors to oversee our accounting and financial reporting processes.

As at 30 June 2026, our Group had total bank loans and other borrowings amounting to RMB29.7 million, which were secured by personal guarantee(s) of Mr. Fu. See “Financial Information – Indebtedness” and Note 29 of the Accountants’ Report as set out in Appendix I to this document. Such guarantee(s) provided by Mr. Fu will be fully released upon [REDACTED].

During the Track Record Period, our Group had no amounts due from our Single Largest Shareholder, his respective associates and/or related parties. Save as disclosed above, our Directors confirm that, as at the Latest Practicable Date, (i) none of our Single Largest Shareholder or his close associates had provided any loans, guarantees, security or pledges to our Group; and (ii) our Group did not provide any loans, guarantees, security or pledges to our Single Largest Shareholder or his close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Single Largest Shareholder and his close associates.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Single Largest Shareholder and his close associates:

- (i) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the GEM Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;
- (ii) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. A Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our Company’s interests and abstain from voting at the Board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (iii) we are committed to ensuring that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. See “Directors and Senior Management”;
- (iv) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Single Largest Shareholder or any of his associates, our Company will comply with the applicable requirements under the GEM Listing Rules and also our own internal control policies in this respect;
- (v) our Directors will (a) report any conflict or potential conflict of interest involving our Single Largest Shareholder and his associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (b) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (c) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed, unless specifically requested by the majority of independent non-executive Directors;

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

- (vi) as required by the GEM Listing Rules, our independent non-executive Directors shall review any connected transactions (including continuing connected transactions) annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;
- (vii) we have appointed Yue Xiu Capital Limited as our Compliance Adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and corporate governance;
- (viii) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and
- (ix) our Nomination Committee will from time to time review the independence of our Directors in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

Based on the above, our Directors (including our independent non-executive Directors) are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Single Largest Shareholder, and to protect minority Shareholders’ interests after [REDACTED].