
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was held as to 53.87% by Ascendia Emerald Limited. Ascendia Emerald Limited was held (i) as to 0.38% by Ascendia Sapphire Limited (Mr. Xia’s wholly-owned shareholding vehicle); (ii) as to 0.62% by Ascendia Ruby Limited (Ms. Xia’s wholly-owned shareholding vehicle); and (iii) as to 99.0% by Ascendia Pearl Limited, which was wholly owned by Ascendia Amber Limited and in turn wholly owned by Mr. Xia’s Family Trust. Mr. Xia’s Family Trust is a discretionary trust established in the Cayman Islands by Mr. Xia, in the capacity as the sole settlor and the sole protector, and the beneficiary of which is Ascendia Ruby Limited. Pursuant to a voting rights entrustment agreement dated September 12, 2025, Ascendia Ruby Limited irrevocably entrusted the exercise of all voting power associated with/attached to all such equity interest as held by it in Ascendia Emerald Limited to Ascendia Sapphire Limited, while Ascendia Ruby Limited retains economic and disposal rights to the shares therein. For details, please refer to “History, Reorganization and Corporate Structure — Reorganization — Part 1: Offshore Reorganization — Step 1.4: Establishment of offshore Family Trust and voting power entrustment arrangement” in this document.

Accordingly, as of the Latest Practicable Date, Mr. Xia, indirectly controlled the voting rights attached to 53.87% of the total issued Shares of our Company through Mr. Xia’s Family Trust, Ms. Xia, Ascendia Amber Limited, Ascendia Sapphire Limited, Ascendia Ruby Limited, Ascendia Pearl Limited and Ascendia Emerald Limited, and thus constitute a group of Controlling Shareholders of our Company before the [REDACTED]. Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), our Controlling Shareholders will control the voting rights attached to [REDACTED]% of the total issued Shares of our Company and will continue to be a group of Controlling Shareholders of our Company upon [REDACTED].

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/she/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [REDACTED].

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Management Independence

Upon [REDACTED], our Board will comprise eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management" in this document. None of our Directors or members of the senior management are our Controlling Shareholders or hold any directorship or executive position in our Controlling Shareholders or their respective close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close 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;
- (iv) all of the Directors are independent from our Controlling Shareholders and decisions of the Board require the approval of a majority vote from the Board; and
- (v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after [REDACTED].

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Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual properties and research and development facilities necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently.

We have entered into certain transactions with the close associates of our Controlling Shareholders, which are set out in “Connected Transactions” in this document. Considering that such transactions are conducted on normal commercial terms or better and the amounts of these transactions are not significant to our Group, our Directors believe that such transactions will not have any material adverse impact on our operational independence. Save for these transactions, our Directors do not expect that there will be any other significant transaction between our Group and our Controlling Shareholders upon or shortly after [REDACTED].

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a 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, and an audit committee comprising solely of non-executive Directors, the majority members of which are independent non-executive Directors, to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to independent third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. During the Reorganization, a close associate of our Controlling Shareholders has provided guarantee for a member of our Group in the amount of RMB72,000,000, which will be fully released before or upon the [REDACTED]. Save for the aforementioned

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guarantee, as of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [REDACTED].

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 Controlling Shareholders and their respective close associates:

- (i) As part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides 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) Where a transaction or arrangement of our Company is subject to Shareholders’ approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.
- (iii) Our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules.
- (iv) We are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see “Directors and Senior Management — Directors — Independent Non-executive Directors” in this document. Furthermore, all of our Directors are independent from and do not have family relationship with our Controlling Shareholders.

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- (v) We have appointed Red Solar Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.