OVERVIEW

As of the Latest Practicable Date, (i) Jin Jiang Capital, a wholly owned subsidiary of Jin Jiang International, directly held approximately 45.20% of our total issued Shares, (ii) Jin Jiang International Hong Kong Investment Management, a wholly owned subsidiary of Jin Jiang International Hong Kong, which is ultimately wholly owned by Jin Jiang International through Jin Jiang Capital, directly held approximately 2.05% of our total issued Shares, and (iii) Jin Jiang International is ultimately owned as to 90.00% by Shanghai SASAC and 10.00% by Shanghai Municipal Finance Bureau.

Pursuant to the Listing Rules and Chapter 1.1C of the Guide for New Listing Applicants, Jin Jiang International, Jin Jiang Capital, Jin Jiang International Hong Kong and Jin Jiang International Hong Kong Investment Management constitute our Controlling Shareholders, holding in aggregate approximately 47.26% of our total issued Shares as of the Latest Practicable Date. Immediately following completion of the [**REDACTED**], our Controlling Shareholders will in aggregate hold approximately [**REDACTED**]% of our Shares (assuming the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). Therefore, upon [**REDACTED**], they will remain as our Controlling Shareholders as defined under the Listing Rules. For a simplified corporate structure chart of our Group, see "History, Development and Corporate Structure — Our Shareholding and Corporate Structure" in this Document.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Established in April 1991, Jin Jiang International is one of the largest integrated hotel and travel conglomerates in the PRC, with its principal businesses covering hotel operation and management, tourism, passenger transportation, as well as city services, asset management and related industries. Currently, Jin Jiang International is the holding company of three listed companies through Jin Jiang Capital, namely (i) our Company, (ii) Shanghai Jin Jiang Online Network Service Co., Ltd., a company listed on the Shanghai Stock Exchange (A-share stock code: 600650 and B-share stock code: 900914) and primarily engaged in international freight forwarding, bus passenger transportation, food and cold chain businesses, and (iii) Shanghai Jinjiang International Travel Co., Ltd., a company listed on the Shanghai Stock Exchange (B-share stock code: 900929) and primarily engaged in tourism service and related businesses.

Established in June 1995, Jin Jiang Capital primarily engages in hotel operation and management, food and restaurants, passenger transportation, logistics, travel and other operations through its subsidiaries. Jin Jiang Capital is a company formerly listed on the Hong Kong Stock Exchange (then stock code: 2006) since December 2006 and withdrew its listing in May 2022. According to public available information, faced with the then financial performance and uncertainties faced by its business under the influence of the COVID-19 pandemic, and then depressed share price, low liquidity and trading volume of its shares, Jin Jiang Capital decided to withdraw its listing for cost saving and re-allocation of resources purpose to increase attributable interest and streamline decision making process. As of the Latest Practicable Date, Jin Jiang Capital is a wholly owned subsidiary of Jin Jiang International.

Jin Jiang International Hong Kong is a wholly owned subsidiary of Jin Jiang Capital and primarily engaged in hotel investment. Jin Jiang International Hong Kong Investment Management is a wholly owned subsidiary of Jin Jiang International Hong Kong and primarily engaged in hotel investment.

As of the Latest Practicable Date, except for its investment in our Company, our Controlling Shareholders did not invest in any business that would compete with our businesses.

NON-COMPETITION UNDERTAKINGS

As one of the largest integrated hotel and travel conglomerates in the PRC, Jin Jiang International has undertaken intra-group corporate reorganizations by, among others, business segments integration, merger and acquisition and asset swap to optimize group structure. With respect to the businesses undertaken by our Group, Jin Jiang International and Jin Jiang Capital have provided several undertakings to avoid business competition during such intra-group corporate reorganizations, details of which are as follows:

Non-Competition Undertaking in 2009

On August 28, 2009, Jin Jiang Capital, as the then Controlling Shareholder of our Company, entered into a reorganization agreement with our Company, pursuant to which, Jin Jiang Capital and our Company swapped their shares in certain subsidiaries to further optimize business and assets structure. As a part of the reorganization, Jin Jiang Capital undertook to our Company with perpetual effect that Jin Jiang Capital and its controlled companies (excluding our Group) shall not engage in any business competing or which may be competing with any business carried on by our Group following completion of the reorganization and thereafter. If, subsequent to the completion of the reorganization, Jin Jiang Capital and its controlled companies (excluding our Group) engage in any business that may compete or create any conflict of interest with the business carried on by our Group, Jin Jiang Capital shall withdraw or shall procure its controlled companies (excluding our Group) to withdraw from such business or transfer such business to our Company at a fair market price.

Non-Competition Undertaking and Undertaking to Maintain the Independence of our Company in 2021

In preparation of merger by absorption between Jin Jiang International (as the offeror) and Jin Jiang Capital (as the offeree), Jin Jiang International, as the then controlling shareholder of Jin Jiang Capital, issued a non-competition undertaking confirmation with perpetual effect in favor of our Company in 2021, pursuant to which, among other things, (i) Jin Jiang International shall not take advantage of the position as a controlling shareholder to jeopardize the legitimate interest of ours and our other Shareholders, (ii) Jin Jiang International will actively seek solutions for existing or potential competing businesses, and integrate them with our business in a timely manner; and (iii) if Jin Jiang International's business overlaps with our business due to Jin Jiang International's or our subsequent new business development, which may constitute competition, Jin Jiang International shall take effective measures, including but not limited to transferring the competing business to us at a fair and reasonable market price, terminating the competing business, or selling the assets related to the competing business to an independent third party, or entrusting its management, so as to avoid engaging in any business which constitutes or would constitute substantial competition with our businesses.

Meanwhile, Jin Jiang International issued an undertaking letter to maintain the independence of our Company, pursuant to which, Jin Jiang International shall ensure:

(i) our personnel independence: (a) the senior management members of our Company shall not hold any positions (other than serving as a director or supervisor in) or receive any remuneration from Jin Jiang International Group; (b) independence of our labor, human resource and remuneration management shall be maintained; and (c) Jin Jiang International shall recommend directors, supervisors, managers and other senior management members to us through lawful procedures, and shall not interfere with the exercise of authority by our Board and Shareholders' meetings in making decisions on personnel appointments and removals;

(ii) our asset independence: (a) our Company shall have independent and complete assets; (b) our funds or assets shall not be improperly occupied by Jin Jiang International; (c) our Company shall not provide any guarantees to Jin Jiang International or its related parties in violation of applicable regulations; and (d) our Company shall have independent residence;

(iii) our financial independence: (a) our Company shall establish independent finance department and independent financial accounting system; (b) our Company shall have standardized and independent finance and accounting policies; (c) our Company shall have independent bank accounts, and shall not share bank account with Jin Jiang International; (d) our financial staff shall not concurrently work for Jin Jiang International; (e) our Company shall pay taxes independently in accordance with applicable laws; and (f) our Company shall make independent financial decision, and Jin Jiang International shall not interfere with our use of capitals;

(iv) our organizational independence: (a) our Company shall establish and implement a corporate governance structure in accordance with applicable laws, and establish an independent and complete organizational structure; and (b) our Shareholders' meetings, Board, independent directors and chief executive officer shall independently exercise their powers in accordance with applicable laws, regulations and the Articles of Association; and

(v) our business independence: (a) our Company shall possess independent assets, personnel, qualifications, and capabilities to operate autonomously, and shall have the ability to sustain independent operations in the market (b) Jin Jiang International shall not interfere with our business operations; (c) Jin Jiang International shall minimize related party transactions with us. Unavoidable related party transactions shall be conducted in accordance with the principles of "openness, fairness and impartiality " and in compliance with relevant laws, regulations, normative documents and the Articles of Association.

Non-Competition Undertaking in 2023

On November 28, 2023, Jin Jiang Capital, Jin Jiang Hotels Management, and our Company entered into a share transfer agreement, pursuant to which, our Company shall acquire 100% equity interest in Jin Jiang Hotels Management held by Jin Jiang Capital. As a part of the transaction, Jin Jiang International, as the then controlling shareholder of Jin Jiang Capital, issued an undertaking confirmation with a term of five years in favor of our Company, pursuant to which, (i) Jin Jiang International shall not take advantage of its position as a controlling shareholder to jeopardize the legitimate interest of ours and our other Shareholders; (ii) within five years after completion of the transaction, if there are any existing or potential competing businesses, such as hotel operation and management, Jin Jiang International shall gradually resolve the competition by means of, including but not limited to, entrusting management, setting up of joint ventures, asset injection, asset swap and asset sale; and (iii) in the event that the businesses of Jin Jiang International would overlap or compete with our businesses as a result of subsequent new business development of Jin Jiang International, Jin Jiang International shall take effective measures, including but not limited to transferring the competing business to us at a fair and reasonable market price, terminating the competing business, or selling the assets related to the competing business to an independent third party, or entrusting its management so as to avoid engaging in any business which constitutes or would constitute substantial competition with our businesses.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that our Group is capable of carrying on our businesses independently from our Controlling Shareholders following completion of the [**REDACTED**] and our Group does not have material reliance on our Controlling Shareholders, details of which are set out below:

Business independence

It is the intention of Jin Jiang International that our Group remain the flagship for hotel operation and management. In order to optimize group structure, Jin Jiang International has been striving to comply with the non-competition undertakings to avoid actual and potential business competition with our Group.

In preparation of H-share listing of Jin Jiang Capital in 2006, Jin Jiang International issued a deed of non-competition (the "**2006 Deed of Non-Competition**") in favor of Jin Jiang Capital and its subsidiaries (including our Group), pursuant to which, among other things,

(i) during the term of the 2006 Deed of Non-Competition, other than certain excluded businesses as disclosed in the prospectus of Jin Jiang Capital, Jin Jiang International shall not, and shall procure that its subsidiaries (other than Jin Jiang Capital and its subsidiaries) shall not, directly or indirectly, whether on its own or jointly with another person or company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes with the hotel operation, hotel investment, hotel management, hotel franchising businesses and other related businesses carried on by Jin Jiang Capital and its subsidiaries in the PRC;

(ii) if Jin Jiang International becomes aware of any business opportunity to own, invest in, participate in, develop, operate or engage in any business which may directly or indirectly compete with the hotel operation, investment, management, franchising businesses and other related businesses carried on by Jin Jiang Capital, it or any of its subsidiaries shall first notify and refer such business opportunity to Jin Jiang Capital in writing, and the independent non-executive directors of Jin Jiang Capital shall consider and decide whether to take up such business opportunities referred to Jin Jiang Capital within 30 days or 4 months (if approval by shareholders of Jin Jiang Capital is required under the Listing Rules, or such longer period as may be agreed by Jin Jiang International) after receipt of the relevant written notification from Jin Jiang International or any of its subsidiaries (other than Jin Jiang Capital and its subsidiaries). In making such decisions, the independent non-executive directors shall consider whether the relevant business opportunities are expected to present a sustainable level of profitability, accord with the prevailing development strategy of Jin Jiang Capital, and in other respects would be in the best interests of Jin Jiang Capital's shareholders as a whole. Jin Jiang International or any of its subsidiaries (excluding Jin Jiang Capital and its subsidiaries) may only take up the business opportunity after the independent non-executive directors of Jin Jiang Capital having provided a written confirmation that Jin Jiang Capital has decided not to take up such business opportunity; and

(iii) Jin Jiang International shall provide and use reasonable endeavors to procure the provision to Jin Jiang Capital of all information necessary for Jin Jiang Capital to fully enforce its rights arising from the undertakings given by Jin Jiang International contained under the 2006 Deed of Non-Competition. At the end of each calendar quarter after the date of listing date, Jin Jiang International and/or its representative shall meet with Jin Jiang Capital to provide update on the latest information (including operational status) of excluding businesses. The representatives of Jin Jiang Capital shall be entitled to receive relevant information and materials at such meetings. Jin Jiang International shall also (a) provide to the representatives of Jin Jiang Capital information as to its own activities which may be related to the 2006 Deed of Non-Competition; (b) where necessary, grant to the auditors of Jin Jiang Capital right of access to its books of accounts and other accounting records; and (c) agree to make a statement in all of the annual reports of Jin Jiang Capital confirming compliance by Jin Jiang International and its subsidiaries (other than Jin Jiang Capital and its subsidiaries) with the terms of the 2006 Deed of Non-Competition.

The 2006 Deed of Non-Competition was terminated when Jin Jiang Capital withdrew its listing on the Hong Kong Stock Exchange in May 2022. In February 2015, we completed the acquisition of Groupe du Louvre after acceptance and exercise of the option to acquire such business granted by Jin Jiang International pursuant to the 2006 Deed of Non-Competition. In August 2018, upon careful consideration of our business positioning and capital status, we decided not to accept the option to acquire Radisson Hotel Group granted by Jin Jiang International pursuant to the 2006 Deed of Non-Competition. Our Company had considered the following factors and completed all relevant internal control procedures to arrive at such decision:

(i) Jin Jiang International issued a written inquiry letter to our Company requesting us to consider whether to accept the option to acquire Radisson Hotel Group in July 2018, with details of operational and financial information on the number of hotels in operation and rooms, business and operation model, hotel brands, geographical coverage, financial indicators and estimated consideration for the acquisition of Radisson Hotel Group;

(ii) upon receipt of the inquiry letter, we conducted a thorough review and formulated an internal report, evaluating our financial condition, particularly the fact that our cash balance available for investment at the end of July 2018 could only cover less than 10% of the estimated consideration for the acquisition of Radisson Hotel Group, meaning we would need to raise additional funds in the amount of more than 90% of the estimated consideration if we accept the option, which would incur additional financial expense and lead to a significant increase of our financial costs and substantial pressure on our profitability. The report also founded that the hotel brands positioning of Radisson Hotel Group (i.e., upper midscale and above) was distinct from our Group (i.e., midscale and economy);

(iii) all of our eight then Directors reviewed the inquiry letter and the internal report, and decided not to accept the option to acquire Radisson Hotel Group by resolution in August 2018; and

(iv) on the same date of the Directors' resolution, we replied in writing to the inquiry letter that we expressed to Jin Jiang International with the decision of not accepting the option whilst we retained the option to acquire any competing business from Jin Jiang International pursuant to the prevailing non-competition undertakings.

Jin Jiang International subsequently completed the acquisition of Radisson Hotel Group. To the best knowledge of our Company, Jin Jiang International has conducted all relevant internal procedures under the 2006 Deed of Non-Competition. Our PRC Legal Adviser has reviewed the aforementioned materials and is of the view that our Group has conducted all relevant internal procedures under the 2006 Deed of Non-Competition.

Jin Jiang International, apart from their interest in our Group, has also been engaged in, among other things, hotel investment, operation and management business through its wholly owned subsidiary Radisson Hotel Group. Radisson Hotel Group is an international hotel group, operating in Europe, Middle East, Africa regions ("**EMEA**") and Asia-Pacific regions with over 1,600 hotels and over 250,000 hotel rooms in operation and under development in more than 100 countries and territories as of December 31, 2025. Notwithstanding the fact that there are certain overlappings in the hotel investment, operation and management business between Jin Jiang International Group and our Group, our Directors are of the view that there are clear business delineation and independence for the following reasons:

(i) Our Group's overall hotel brands positioning is distinct from Radisson Hotel Group, by which the substantial majority of our Group's hotels in operation position at midscale and economy, whilst the substantial majority of Radisson Hotel Group's hotels in operation position at upper midscale and above. Meanwhile, the overall non-financial performance indicators (including occupancy rate, ADR, RevPAR) of Radisson Hotel Group are distinctively higher than those of our Group. The details of hotel brands positioning are as follows:

Number of hotels in operation

	As of December 31,					
	2023		2024		2025	
	Number	*%*	*Number*	*%*	*Number*	*%*
Our Group:						
– Upper scale and above	262	2.1%	261	1.9%	287	2.0%
– Upper midscale	1,883	15.1%	2,146	16.0%	2,417	17.1%
– Midscale	5,254	42.2%	5,856	43.6%	6,384	45.2%
– Economy	5,049	40.6%	5,153	38.4%	5,044	35.7%
Total	**12,448**	**100%**	**13,416**	**100%**	**14,132**	**100%**
Radisson Hotel Group:						
– Upper scale and above	582	74.0%	634	70.4%	686	66.6%
– Upper midscale	123	15.6%	132	14.6%	147	14.3%
– Midscale[1]	82	10.4%	135	15.0%	197	19.1%
– Economy	Nil	Nil	Nil	Nil	Nil	Nil
Total	**787**	**100%**	**901**	**100%**	**1,030**	**100%**

Note (1): During the Track Record Period, (i) the number of hotels in operation under *Country Inn & Suites* amounted to 68, 120, and 179, representing approximately 8.6%, 13.3% and 17.4% of the total number of hotels in operation of Radisson Hotel Group for the respective year; (ii) the number of hotels in operation under *Prize* amounted to 14, 15, and 18, representing approximately 1.8%, 1.7% and 1.7% of the total number of hotels in operation of Radisson Hotel Group for the respective year.

Number of hotel rooms in operation

	As of December 31,					
	2023		2024		2025	
	Number	*%*	*Number*	*%*	*Number*	*%*
Our Group:						
– Upper scale and above	48,133	4.0%	48,317	3.7%	51,792	3.8%
– Upper midscale	263,240	22.1%	298,612	23.1%	329,315	24.1%
– Midscale	500,352	42.0%	559,954	43.4%	611,937	44.7%
– Economy	378,949	31.8%	384,105	29.8%	375,013	27.4%
Total	**1,190,674**	**100%**	**1,290,988**	**100%**	**1,368,057**	**100%**
Radisson Hotel Group:						
– Upper scale and above	118,830	80.4%	126,665	78.6%	132,414	76.2%
– Upper midscale	20,026	13.6%	20,463	12.7%	21,720	12.5%
– Midscale(1)	8,934	6.0%	14,021	8.7%	19,700	11.3%
– Economy	Nil	Nil	Nil	Nil	Nil	Nil
Total	**147,790**	**100%**	**161,149**	**100%**	**173,834**	**100%**

Note (1): During the Track Record Period, (i) the number of hotel rooms in operation under *Country Inn & Suites* amounted to 6,170, 11,129, and 16,364, representing approximately 4.2%, 6.9% and 9.4% of the total number of hotel rooms in operation of Radisson Hotel Group for the respective year; (ii) the number of hotel rooms in operation under *Prize* amounted to 2,764, 2,892, and 3,336, representing approximately 1.9%, 1.8% and 1.9% of the total number of hotel rooms in operation of Radisson Hotel Group for the respective year.

Non-financial performance indicators

	For the years ended December 31,								
	2023			2024			2025		
	Occupancy rate	*ADR*	*RevPAR*	*Occupancy rate*	*ADR*	*RevPAR*	*Occupancy rate*	*ADR*	*RevPAR*
Our Group:									
– The PRC (*RMB/Room*)	66.1%	255.6	169.1	65.2%	244.3	159.2	64.6%	239.0	154.4
– Overseas (*Euro/Room*)	62.6%	66.3	41.5	61.5%	67.7	41.7	60.0%	66.3	39.8
Radisson Hotel Group:									
– EMEA (*Euro/Room*)	63.7%	139.5	88.9	66.5%	134.9	89.7	67.4%	133.0	89.7
– Others (*Euro/Room*), including:									
The PRC	63.7%	77.4	49.3	62.3%	74.0	46.1	62.4%	73.7	46.0
Subtotal	66.7%	86.0	57.4	67.1%	86.0	57.7	67.9%	85.6	58.1

The midscale hotel brands of Radisson Hotel Group include *Country Inn & Suites* and *Prize*, among which, (i) *Country Inn & Suites* has been exclusively licensed to our Group for operation and management in the mainland China since 2019 through management license agreements, and there is no hotel operated in any other region under this brand, and (ii) *Prize* has been operated by Radisson Hotel Group in the EMEA. Based on the trend of the number of hotels and hotel rooms in operation for *Country Inn & Suites* and *Prize* as noted in the above tables, the overall growth for the number of hotels and hotel rooms in operation of Radisson Hotel Group under midscale hotel brands during the Track Record Period was primarily attributable to the increase in the same of *Country Inn & Suites*, the actual operation and management of which have been vested in our Group, with all hotels under this brand located in the PRC. Besides, although the number of hotels and hotel rooms in operation of our Group under upper midscale and above increased slightly (both under 2.0 percentage points) during the Track Record Period, the increase was minimal and insignificant as compared to the overall scale of the number of hotels and hotel rooms of our Group.

Based on the information disclosed above, our Directors are of the view that there have been no material change in our Group's and Radisson Hotel Group's hotel brands positioning since our Company's decision not to accept the option to acquire Radisson Hotel Group granted by Jin Jiang International in 2018. Our Company's considerations underlying such decision, namely, the distinct hotel brands positioning and insufficient financial resources to cover the potential acquisition cost, remain unchanged as of the Latest Practicable Date. Our Company will take the following steps to enforce its rights under the non-competition undertakings if it is of the view that there ceases to be clear business delineation between our Group and Radisson Hotel Group, for example, if Radisson Hotel Group's hotel brands positioning is no longer distinct from our Group's as a result of its subsequent business development, (a) to assess and evaluate the overall business performance and financial position of Radisson Hotel Group, conducting comprehensive due diligence on Radisson Hotel Group with the support of independent professional advisors in respect of business, properties, audit, compliance, tax, human resources and other relevant aspects; (b) to assess the overall business development strategies and financial situations of our Group, and evaluate the feasibility, costs, and benefits of acquisition of Radisson Hotel Group and/or taking other safeguard measures provided to us in the non-competition undertakings; (c) to complete all internal procedures, including but not limited to review and approval by the independent non-executive Directors, the Board, and the Shareholders (if applicable), as well as all external regulatory procedures for enforcement of our Company's rights in the non-competition undertakings; and (d) the Company will fulfill all information disclosure obligations as a listed company.

(ii) Our Group's geographical focus is distinct from Radisson Hotel Group, by which our Group is primarily operated in and generating substantial majority portion of revenue from the PRC, whilst Radisson Hotel Group is primarily operating in and generating substantial majority portion of revenue from EMEA. The details of geographical focus are as follows:

Number of hotels in operation

	As of December 31,					
	2023		2024		2025	
	Number	*%*	*Number*	*%*	*Number*	*%*
Our Group:						
– The PRC	11,258	90.4%	12,245	91.3%	13,005	92.0%
– Overseas, including:						
Europe	933	7.5%	901	6.7%	851	6.0%
France	795	6.4%	773	5.8%	740	5.2%
Others	138	1.1%	128	1.0%	111	0.8%
Others	257	2.1%	270	2.0%	276	2.0%
Subtotal	1,190	9.6%	1,171	8.7%	1,127	8.0%
Total	**12,448**	**100%**	**13,416**	**100%**	**14,132**	**100%**

	As of December 31,					
	2023		2024		2025	
	Number	*%*	*Number*	*%*	*Number*	*%*
Radisson Hotel Group:						
– EMEA, including:						
Europe	395	50.2%	408	45.3%	429	41.7%
France	17	2.2%	17	1.9%	23	2.2%
Others	378	48.0%	391	43.4%	406	39.4%
Others	122	15.5%	131	14.5%	136	13.2%
Subtotal	517	65.7%	539	59.8%	565	54.9%
– Others, including:						
The PRC	121	15.4%	201	22.3%	289	28.1%
Subtotal	270	34.3%	362	40.2%	465	45.1%
Total	**787**	**100%**	**901**	**100%**	**1,030**	**100%**

Number of hotel rooms in operation

	As of December 31,					
	2023		2024		2025	
	Number	*%*	*Number*	*%*	*Number*	*%*
Our Group:						
– The PRC	1,094,291	91.9%	1,195,795	92.6%	1,275,497	93.2%
– Overseas, including:						
Europe	66,184	5.6%	64,062	5.0%	60,593	4.4%
France	52,219	4.4%	51,239	4.0%	49,396	3.6%
Others	13,965	1.2%	12,823	1.0%	11,197	0.8%
Others	30,199	2.5%	31,131	2.4%	31,967	2.3%
Subtotal	96,383	8.1%	95,193	7.4%	92,560	6.8%
Total	**1,190,674**	**100%**	**1,290,988**	**100%**	**1,368,057**	**100%**
Radisson Hotel Group:						
– EMEA, including:						
Europe	84,597	57.2%	85,733	53.2%	88,055	50.7%
France	2,632	1.8%	2,587	1.6%	3,163	1.8%
Others	81,965	55.5%	83,146	51.6%	84,892	48.8%
Others	25,152	17.0%	27,052	16.8%	27,736	16.0%
Subtotal	109,749	74.3%	112,785	70.0%	115,791	66.6%
– Others, including:						
The PRC	17,786	12.0%	26,797	16.6%	35,399	20.4%
Subtotal	38,041	25.7%	48,364	30.0%	58,043	33.4%
Total	**147,790**	**100%**	**161,149**	**100%**	**173,834**	**100%**

Revenue

	For the years ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Our Group *(RMB in billion)*:						
– The PRC	10.35	70.7%	9.81	69.7%	9.96	72.1%
– Overseas, including:						
Europe	4.11	28.1%	4.04	28.8%	3.63	26.2%
France	2.86	19.5%	2.76	19.6%	2.48	17.9%
Others	1.25	8.6%	1.29	9.2%	1.15	8.3%
Others	0.18	1.2%	0.21	1.5%	0.23	1.6%
Subtotal	4.29	29.3%	4.26	30.3%	3.85	27.9%
Total	**14.65**	**100%**	**14.06**	**100%**	**13.81**	**100%**
Radisson Hotel Group *(Euro in billion)*:						
– EMEA, including:						
Europe	1.11	92.5%	1.19	91.5%	1.29	90.8%
France	0.06	5.0%	0.06	4.6%	0.06	4.2%
Others	1.06	88.3%	1.13	86.9%	1.23	86.6%
Others	0.08	6.7%	0.07	5.4%	0.09	6.3%
Subtotal	1.19	99.2%	1.26	96.9%	1.38	97.2%
– Others, including:						
The PRC	0.01	0.8%	0.01	0.8%	0.01	0.7%
Subtotal	0.01	0.8%	0.04	3.1%	0.04	2.8%
Total	**1.20**	**100%**	**1.30**	**100%**	**1.42**	**100%**

Based on the geographical focus, our Group depended on domestic business and leisure travel customers in the PRC while Radisson Hotel Group depended on global business customers. Notwithstanding the fact that we operate hotels in Europe (by Groupe du Louvre), which is geographically overlapped with the hotels of Radisson Hotel Group in Europe, the majority of the hotels operated by Groupe du Louvre are located in France (accounting for approximately 87%, 82% and 68% of our hotels, hotel rooms and revenue in Europe), whilst the hotels operated by Radisson Hotel Group in Europe are widely spread out and only a small portion of hotels are located in France (accounting for approximately 5%, 4% and 5% of Radisson Hotel Group's hotels, hotel rooms and revenue in Europe). Besides, the hotels operated by Groupe du Louvre are distinct from the hotels operated by Radisson Hotel Group in the geographical overlapping region, considering (a) the overall hotel brands positioning difference as elaborated in paragraph (ii) above, and (b) specific ADR difference for the years ended December 31, 2023, 2024 and 2025, being an ADR of Euro66.3, Euro67.7 and Euro66.3 of Groupe du Louvre and an ADR of approximately Euro139.5, Euro134.9 and Euro133.0 of EMEA of Radisson Hotel Group, respectively. Taking into account that the number of hotels and hotel rooms in operation in Europe were immaterial as compared to the total number of hotels and hotel rooms in operation of our Group (both less than 10%) and in light of our financial performance in Europe during the Track Record Period, we estimate that the scale of our hotel operation in Europe will remain relatively stable, our Company believes that the geographical overlapping in Europe will not lead to significant competition with Radisson Hotel Group.

Notwithstanding that Radisson Hotel Group maintained data records of the number of hotels and hotel rooms in operation as well as the revenue from the PRC, which was insignificant to our Group's overall scale of hotels and hotel rooms in operation and revenue, we have obtained an exclusive management license of *Park Plaza*, *Park Inn by Radisson*, *Country Inn & Suites by Radisson*, and *Radisson Red* in the mainland China since 2019, and further obtained a non-exclusive management license of *Radisson*

Collection, *Radisson Blu*, *Radisson Individuals* and *Radisson* in China (including Hong Kong, Macau, and Taiwan) since 2023. The terms of the exclusive management license and non-exclusive management license obtained by our Group from Radisson Hotel Group will expire on December 31, 2040. Under such management license arrangements, our Group (as the licensee) was granted with the right to develop, operate and manage the hotels owned by the hotel owners in the relevant territory and use the hotel brands owned by Radisson Hotel Group (as the licensor). Based on the gross revenue generated from operation of such hotels, our Group shall collect royalty fees from the hotel owners, which shall be deposited into a designated bank account and be used by our Group for the benefit of marketing, development and maintaining of hotel brands and other activities. Based on the management and service provided by us to the hotel owners, our Group shall collect service fees from the hotel owners. Such royalty fees and service fees shall be settled by our Group and the hotel owners periodically, and the balance after deducting expenses shall be remitted by our Group to Radisson Hotel Group, which have been recorded as transaction amounts for hotel brands management paid by our Group (being RMB7.7 million, RMB28.7 million and RMB20.2 million for the years ended December 31, 2023, 2024 and 2025). Our Group has also provided hotel management service to Radisson Hotel Group under a service agreement since 2023. Under such service agreement, Radisson Hotel Group shall pay service fees to our Group periodically, which have been recorded as transaction amounts for hotel operation and management services received by our Group (being nil, RMB11.4 million and RMB20.2 million for the years ended December 31, 2023, 2024 and 2025, representing nil, 0.08% and 0.15% of our total revenue for the same year). As of December 31, 2025, we had 280 hotels in operation with a total number of 29,234 hotel rooms under the hotel brands owned by Radisson Hotel Group, representing approximately 2.0% of total number of the hotels in operation and 2.1% of the total number of the hotel rooms of our Group, which was insignificant to our Group's overall scale of hotels and hotel rooms.

Radisson Hotel Group has no management team for the day-to-day operations of its hotel brands in the PRC, so the actual operation and management of all hotels of Radisson Hotel Group in the PRC have been vested in our Group. As such, our Directors are of the view that there is no direct or substantive business competition in the PRC between our Group and Radisson Hotel Group.

(iii) Our Group's hotel operation scale is substantially larger than Radisson Hotel Group with respect to the total number of hotels, the hotel rooms in operation and the total revenue, details of which are as follows:

Number of hotels in operation

	As of December 31,		
	2023	**2024**	**2025**
Our Group	12,448	13,416	14,132
Radisson Hotel Group	787	901	1,030

Number of hotel rooms in operation

	As of December 31,		
	2023	**2024**	**2025**
Our Group	1,190,674	1,290,988	1,368,057
Radisson Hotel Group	147,790	161,149	173,834

Revenue

	For the years ended December 31,		
	2023	**2024**	**2025**
Our Group *(RMB in billion)*	14.65	14.06	13.81
Radisson Hotel Group *(Euro in billion)*	1.20	1.30	1.42

(iv) Our Group's management team is separate from Radisson Hotel Group

Our executive Directors (being Mr. Zhang Xiaoqiang, Mr. Xu Ming, Ms. Zhou Wei and Mr. Mao Xiao) and senior management members (being Mr. Mao Xiao, Mr. Ai Gengyun, Ms. Hu Min, Ms. Hou Lerui and Mr. Qian Kang) have been responsible for the performance of our Group during the Track Record Period and are expected to continue to be responsible for the management of our Group after the [**REDACTED**]. Except for Ms. Zhou Wei, none of our executive Directors and our senior management members has any position in Radisson Hotel Group.

Pursuant to the undertaking letter issued by Jin Jiang International to maintain the independence of our Group in 2021, Jin Jiang International shall ensure our personnel independence, among other things, that the senior management members of our Company shall not hold any positions (other than serving as a director or supervisor in) or receive any remuneration from Jin Jiang International Group. This is in line with the requirements as stipulated in the Articles of Association, which provides that staff who serve positions other than director or supervisor of the controlling shareholders of our Company shall not serve as senior management members of our Company, and our senior management members may only receive remuneration from our Company and may not be paid by the controlling shareholders. Besides, we have established the management policy of conflict of intertest, our Directors and senior management members shall report their conflict of interest to the Audit, Risk Control and Compliance Committee, and the Audit, Risk Control and Compliance Committee will review and handle the actual or potential conflict of interest as appropriate.

The directors of Radisson Hospitality AB include Ms. Zhou Wei, Ms. Yuan Xiaoying (袁曉鶯女士), Mr. Zhang Yuchong (張羽翀先生), Mr. He Yichi (何一遲先生), Ms. Zong Huan (宗歡女士), Mr. Federico Gonzalez, Ms. Hanna Pedersen, Mr. Bruce Wiles and Mr. Ulf Petersson, whilst the day-to-day management and operation of Radisson Hotel Group vests in the executive team, including Mr. Federico Gonzalez (as chief executive officer), Mr. Chema Basterrechea (as chief operations officer), Mr. Rafael Sueiro (as chief financial officer), Mr. Iñigo Capell (as chief people & resource officer), Mr. Elie Younes (as chief development officer), Ms. Eva Erauw (as chief legal officer & general counsel). Although Ms. Zhou Wei, Mr. He Yichi and Mr. Federico Gonzalez also serve as board members of Groupe du Louvre, they are non-executive roles and the day-to-day management and operation of Groupe du Louvre vests in Mr. Huang Kai (黃凱先生) (as executive director). Given the fact that there was no overlapping in the management members who are responsible for the day-to-day management and operation of Radisson Hotel Group and Groupe du Louvre, we are of the view that Radisson Hotel Group and Groupe du Louvre can be managed independently from each other.

To avoid any conflict of interest, Groupe du Louvre has established conflict of interest policy, Ms. Zhou Wei, Mr. He Yichi and Mr. Federico Gonzalez have not and will not be involved in the decision-making process whenever situation of conflict of interest arises with respect to their position in Radisson Hotel Group. Ms. Zhou Wei, Mr. He Yichi and Mr. Federico Gonzalez have extensive experience in hotel operation and management. We believe that their profound knowledge, experience and understanding of the industry and the business of Jin Jiang International Group, of which our Group forms a part, could enable us to absorb management experience and contribute to the continued success of our Group. We will take actions, including but not limited to looking for other independent and capable candidate(s) for Groupe du Louvre, to decrease overlapping in directorships.

(v) The non-competition undertakings by Jin Jiang International

As elaborated in "— Non-Competition Undertakings" in this section, Jin Jiang International has been striving to comply with the aforementioned non-competition undertakings to avoid actual and potential business competition with our Group's businesses. As advised by the PRC Legal Adviser, the aforementioned undertakings do not violate the PRC laws and are valid and legally binding on the Controlling Shareholders. The Directors are of the view that the aforementioned undertakings are enforceable and have been effective in ensuring business delineation and limiting the extent of business competition as well as protecting the interests of our Shareholders as a whole, which will remain in force after the [**REDACTED**]. After taking into account the views of our Directors and the PRC Legal Adviser, nothing has come to the Sole Sponsor's attention that would reasonably cause the Sole Sponsor to cast doubt on the views of our Directors mentioned above.

(vi) Concrete measures adopted and to be adopted by our Group to maintain business delineation and independence

We, on an on-going basis, monitor and assess new business opportunity and option to acquire competing business granted by Jin Jiang International under the non-competition undertakings and can request for the acquisition of Radisson Hotel Group at any time upon prudent assessment of our development needs, despite that we were presented with the option to acquire Radisson Hotel Group granted by Jin Jiang International back in August 2018, but we decided not to accept the option upon careful consideration of our business positioning and capital status. We retain the option to acquire any competing business from Jin Jiang International pursuant to the non-competition undertakings. If a third party expresses its intention to acquire Radisson Hotel Group from Jin Jiang International, Jin Jiang International shall provide the option to us again to acquire Radisson Hotel Group. Based on the assessment and evaluation of overall business performance and financial position of our Group and Radisson Hotel Group, our Company (particularly the Board) will decide whether there is any overlap or potential business competition and whether to exercise the option to acquire. The Board shall decide and respond to a written offer of right of first refusal granted by Jin Jiang International within 30 days, and the Overlapping Directors (as defined in the sub-section headed "Management independence") shall abstain from voting on such Board resolutions.

We also proactively evaluate suitable acquisition and/or disposal opportunity which shall be in line with the interests of our Shareholders and our Company as a whole to strategically enhance our business while further promote business delineation. In addition to our acquisition of Groupe du Louvre in 2015 pursuant to the option granted by Jin Jiang International, we also completed the acquisition of Jin Jiang Liancai, Jin Jiang WeHotel and Jin Jiang Hotels Management in 2023 from Jin Jiang International Group and/or other minority shareholders, to further strength our core technology infrastructure (i.e., GPP platform and WeHotel system) and our high-end and above hotel management capability. Meanwhile, in line with our future development and to further optimize our asset and business structure, we entered into a letter of intent to dispose our catering business to Jin Jiang International in June 2025.

Having considered, among other things, the following reasons, our Directors are of the view that it is not in the best interest of our Group or our Shareholders to acquire Radisson Hotel Group from Jin Jiang International at this stage:

a) as a company listed on the Shanghai Stock Exchange, any asset injection from a connected person would be subject to strict regulatory scrutiny. Meanwhile, we will need to obtain approval of the minority shareholders of our Company, which will require additional input of time and costs by our Group;

b) we have obtained an exclusive management license of *Park Plaza*, *Park Inn by Radisson*, *Country Inn & Suites by Radisson*, and *Radisson Red* in the mainland China since 2019, and further obtained an non-exclusive management license of *Radisson Collection*, *Radisson Blu*, *Radisson Individuals* and *Radisson* in China (including Hong Kong, Macau, and Taiwan) since 2023 from Radisson Hotel Group, by which, our Group and Jin Jiang International Group could effectively avoid direct business competition in China, while upgrading such brands through our localization with targeted and differentiated positioning.

Our Group will continue to explore pathways for mergers and business integration, including assessing potential synergies, meeting with Jin Jiang International and/or its representative on a quaterly basis to collect necessary and latest information of Radisson Hotel Group to monitor the development progress of Radisson Hotel Group and considering integration when conditions and timing are appropriate, to ensure alignment with our Group's long-term strategy and the maximization of shareholder value.

Upon [**REDACTED**], our independent non-executive Directors will review the non-competition undertakings and compliance situation on an annual basis, and our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance with and enforcement of the non-competition undertakings in our annual reports and/or by way of an announcement.

Operational independence

Our Directors are of the view that we can continue operating independently from our Controlling Shareholders after the [**REDACTED**]. Despite the controlling interest in our Company retained by our Controlling Shareholders after the [**REDACTED**], we hold and enjoy the benefit of all relevant permits and licenses necessary for carrying out our business in all material respects, and we have sufficient capital, facilities, equipment and employees to operate our businesses independently from our Controlling Shareholders. We have our own business operation management systems in all necessary aspects, including but not limited to, information collection, customer management, commodity management, order management, purchasing management, administration management and financial management. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. In addition, our access to, and relationship with, our major customers and suppliers are independent from our Controlling Shareholders.

Notwithstanding that our Group and Jin Jiang International Group have business cooperation and will continue to have business cooperation with respect to trademark licensing, comprehensive goods, food and services procurement and supply, premises leasing and financial service, the details of which are set out in the section headed "Connected Transactions" in this Document, these transactions did not and are not expected to involve significant transaction amounts and are not material to the operation and conduct of our Group's principal businesses, nor are they expected to affect the operational independence of our Group for the following reasons:

(i) all essential administrative functions (such as listed securities affairs and investor relations, legal and compliance, human resources and management as well as IT support) have been and will be carried out independently by our Group;

(ii) while Jin Jiang International Group was one of our five largest customers and one of our five largest suppliers in each period during the Track Record Period, our Group does not have undue reliance on Jin Jiang International Group considering our sales to Jin Jiang International Group amounted to approximately RMB62.3 million, RMB108.9 million and RMB140.7 million in 2023, 2024 and 2025, respectively, accounting for 0.4%, 0.8% and 1.0% of our total revenue in the same periods; and our purchases from Jin Jiang International Group amounted to approximately RMB271.1 million, RMB341.6 million and RMB254.6 million in 2023, 2024 and 2025, respectively, accounting for 6.9%, 8.0% and 6.6% of our total purchase amount in the same periods, which were insignificant to our total revenue and our total purchase amount. See "Business — Overlapping Customers and Suppliers" for details;

(iii) our Group has obtained necessary licenses, permits and intellectual property rights which are material to our business operation. Our Group has been licensed to use 167 registered trademarks owned by Jin Jiang International Group pursuant to the Comprehensive Trademark Licensing Agreement among which, 66 constituted material trademarks to our Group as of the Latest Practicable Date. See the section headed "Statutory and General Information — Further Information about Our Business — Intellectual Property Rights — Trademarks" in Appendix VI to this Document for details of the material trademarks owned by Jin Jiang International Group and licensed to us. For large state-owned enterprise groups in the PRC like Jin Jiang International, it is commercial practice for the parent company to register and own trademarks and license material trademarks to its subsidiaries to use in their ordinary course of business, in order to comply with the relevant trademark registration requirements (in particular for the trademarks containing the name of parent company), which also serves the purpose of centralized IP protection;

(iv) our Group has historically entered into agreements with respect to goods, food and/or service procurement and supply with Jin Jiang International Group, including but not limited to hotel supplies and commodities, food, other relevant ancillary products, and the services required for hotel management (including hotel brands management), labor and human resource related services, booking services, catering services, cross-industry collaboration, consulting, supporting and technical services and membership package. We are familiar with each other's safety, quality and service standards, by which, we can actively utilize the synergistic effect of Jin Jiang International Group' industrial chain and strengths. We are not and will not be bound to collaborate with Jin Jiang International Group, and we will only procure from and supply to Jin Jiang International Connected Persons such goods, food and/or service if we consider that it is in the interests of our Company and the Shareholders as a whole;

(v) although Jin Jiang International Group has leased certain premises (as operating and office area) to our Group, there is clear division of the office area occupied by our Group in the building of Jin Jiang International Group, which can be readily substituted by suitable alternatives provided by the Independent Third Parties in the event that Jin Jiang International Group ceases to lease such office area to us, based on our research on the vacancy rates in the surrounding office lease market; Meanwhile, in light of our business model for the leased hotels, we target premises in central or highly accessible locations within selected cities to maximize occupancy and room rates and proceed to negotiate lease agreement once a suitable premise is identified, followed by our capital and labor inputs for the construction, renovation and decoration of hotels in such premise to ensure it meets our standards. Our Directors are of the view that it is in the interest of our Group in terms of cost, time and stability to carry out the lease transactions under the Premises Leasing Framework Agreement instead of finding and relocating to alternative premises. In the event that Jin Jiang International Group ceases to lease such operating area to us, we would be able to relocate to alternative premises on comparable commercial terms based on our research on the vacancy rates, existing and future supply of commercial premises and average rental price in the surrounding commercial premises lease market;

(vi) with respect to the financial services provided by Jin Jiang International Finance Company, a financial institution holding a financial license (金融許可證) granted by the NFRA, which has become familiar with our Group's capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial management system throughout years of cooperation, and is able to render more expedient, efficient and flexible deposit, loan and other financial services and feedback to our Group, we are not dependent on the financial services provided by it and we have our independent sources and relationships with other independent financial institutions and banks. See "Independence from Our Controlling Shareholders — Financial Independence" in this section for details; and

(vii) Jin Jiang International has given an undertaking confirmation to maintain the independence of our Company. See "Noncompetition Undertaking — Non-Competition Undertaking and Undertaking to Maintain the Independence of Our Company in 2021" in this section.

Such connected transactions with Jin Jiang International Connected Persons will be conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of our businesses. Therefore, our Directors believe that these connected transactions with Jin Jiang International Connected Persons do not affect our operational independence.

In light of the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective associates during the Track Record Period and will continue to be able to operate independently upon [**REDACTED**]. Meanwhile, given that Jin Jiang International Group and our Group are state-owned enterprises which have relatively stable controlling ownership, our mutually beneficial and complementary business relationship with Jin Jiang International Group is unlikely to materially and adversely change or terminate nor will it give rise to any material risk to our Group.

Management independence

Our business has been managed and conducted by our Board and senior management. Our Board consists of nine Directors, comprising four executive Directors, one non-executive Director and four independent non-executive Directors, and we also have five senior management members (of which one is executive Director). Each of our executive Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the day-to-day management of our businesses. For further information on the qualifications and experience of our Directors and senior management, see "Directors and Senior Management" in this Document.

Save as disclosed below, none of our Directors or members of senior management holds directorship or other management position in our Controlling Shareholders:

Name	Directorship in our Company	Position in our Controlling Shareholders
Mr. Zhang Xiaoqiang	Chairman of our Board; Executive Director	Secretary of the Party committee, chairman of the board and president of Jin Jiang International
Mr. Xu Ming	Executive Director	Vice president of Jin Jiang International
Ms. Zhou Wei.	Executive Director	Vice president of Jin Jiang International

Notwithstanding the fact that the aforementioned Directors (collectively, the "**Overlapping Directors**"), hold overlapping directorship or other management positions in our Controlling Shareholders, we are of the view that our Group and our Controlling Shareholders can be managed independently for the following reasons:

(i) the day-to-day management and operations of our Company will be dealt with by a team of full-time management members (collectively, "**Management Members**"), who have been serving our Group for a long time and are familiar with our business and do not hold any position in our Controlling Shareholders. Among the three Overlapping Directors, Mr. Zhang Xiaoqiang is responsible for overall development strategies and overseeing the daily operations of our Group, Mr. Xu Ming is responsible for high-level supervision on the management and operations of our Group, and Ms. Zhou Wei is responsible for high-level supervision on the management and operations of our Group, all of whom are responsible for relatively high-level and overall strategies of our Group. Implementation of our overall strategies and day-to-day operations are vesting in our team of five senior management members led by Mr. Mao Xiao (our executive Director and chief executive officer), all of whom are not Overlapping Directors and have a well-established track record of carrying on our daily management and operations;

(ii) Mr. Mao Xiao, our executive Director and chief executive officer who does not hold any directorship or senior management roles in our Controlling Shareholders, has obtained solid hotel industry experience and expertise starting from his position as deputy general manager of a hotel company in 2009, and gained deep understanding of the culture and operations of our Group derived from his various management positions in our Group and previous positions in Jin Jiang International Group since 2011. Ms. Li Hong, our non-independent Director (employee Director), has over 19 years' working experience in hotel industry. Among our independent non-executive Directors, each of Mr. Zhang Huiming, Mr. Xu Jianxin and Mr. Liu Jiuping has been our independent non-executive Director for over three years, all of whom have participated in providing independent opinion to our Board during our day-to-day management and are familiar with our culture and hotel business. Mr. Zhang Lei, appointed as our independent non-executive Director in June 2025, will provide contribution in respect of finance and asset management of our Group and promote the diversity of our Board;

(iii) in circumstances where all the Overlapping Directors have to abstain from voting, our Company still have six Directors with sufficient knowledge and experience to determine and vote on matters which may involve conflicts of interest between our Group and Jin Jiang International Group. The above six Directors account for two-third of all members of our Board, and also satisfy the quorum for Board meetings (i.e., more than half of the Directors) as required by the Articles of Association. Therefore, there will be sufficient Board oversight even in the case where all the Overlapping Directors have to abstain from voting;

(iv) we have established four Board special committees and appointed four independent non-executive Directors, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole;

(v) as an A-share and B-share listed company, we have adopted sufficient corporate governance measures and comprehensive internal control and risk management systems in compliance with the relevant requirements of the rules of the Shanghai Stock Exchange. Besides, the Articles of Association has included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting;

(vi) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between his/her duties as a Director and his/her personal interests; and

(vii) we have adopted a series of corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would enhance our independent management. For further information, see "— Corporate Governance Measures.“

In light of the above, our Directors are of the view that our Company has our own management team which is capable of maintaining the independence of our Company from our Controlling Shareholders and supporting the independent operation of our Group.

Financial independence

We have adopted our own independent internal control, accounting, funding, reporting and financial management systems, and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. Moreover, our Board has established the Audit, Risk Control and Compliance Committee to provide independent oversight to, among other things, our accounting and financial reporting processes. We open and manage our bank accounts independently, and have never shared any bank account with the Jin Jiang International. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders in view of our Group's strong financial position, steady cash flow generation and level of liquid assets as well as our ability to raise funds on a standalone basis.

Guarantee

No guarantee has been provided by, or granted to, our Controlling Shareholders or their respective associates during the Track Record Period and as of the Latest Practicable Date.

Financial services

Notwithstanding that Jin Jiang International Finance Company, a subsidiary of our Controlling Shareholders and therefore a connected person of us, has provided financial services to our Group during the Track Record Period, and will continue to provide financial services to our Group after the [**REDACTED**], the details of which are set out in the section headed "Connected Transactions" in this Document, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates:

(i) although we have been granted with the maximum amount of RMB6,000.0 million of credit facilities for each of the year ended December 31, 2023 and 2024, and RMB6,700.0 million for the year ended December 31, 2025 by Jin Jiang International Finance Company, we are not dependent on such credit facilities and would only partially utilize as necessary to our financial needs. The unutilized amount of such credit facilities was approximately RMB6,240.0 million as of December 31, 2025, representing 93.13% of the total credit facilities provided by Jin Jiang International Finance Company. As of December 31, 2025, the outstanding balance of such credit facilities was approximately RMB460.0 million, of which the last maturity date will be December 10, 2026, and we do not anticipate difficulty in sourcing similar credit facilities from other independent financial institutions in the event of the termination of such credit facilities from Jin Jiang International Finance Company;

(ii) we have obtained credit facilities from a number of independent financial institutions and banks without any financial assistance provided by Jin Jiang International Group. As of December 31, 2025, the total amount of the aforesaid credit facilities granted by independent financial institutions and banks without any financial assistance provided by Jin Jiang International Group was approximately RMB9,897.2 million, and the total unutilized amount of such credit facilities was approximately RMB2,282.3 million;

(iii) although the existing credit facilities granted by Jin Jiang International Finance Company would not be discharged before [**REDACTED**], as demonstrated in above (i) and (ii), the total amount of the credit facilities granted by independent financial institutions and banks without any financial assistance provided by Jin Jiang International Finance Company as of December 31, 2025 (being RMB9,897.2 million) is larger than the maximum amount of credit facilities by Jin Jiang International Finance Company for the year of 2025 (being RMB6,700.0 million), and our Company will suspend to utilize additional credit facilities by Jin Jiang International Finance Company if we are offered similar conditions by independent financial institutions and banks. Meanwhile, the total unutilized amount of credit facilities granted by independent financial institutions and banks (being RMB2,282.3 million) is substantially higher than and can be used to fully cover the outstanding balance of the credit facilities by Jin Jiang International Finance Company (being RMB460.0 million) as of December 31, 2025;

(iv) as of December 31, 2025, our cash and cash equivalents amounted to RMB6,704.0 million, demonstrating our strong cash position and ability to finance our operations independently. See "Financial Information — Discussion of Certain Key Items of Consolidated Statement of Financial Position — Cash and Cash Equivalents" for further details;

(v) notwithstanding that we and Jin Jiang International Finance Company had financial services related transactions, we are not prohibited or restricted in any way to use financial services provided by other commercial banks or independent financial institutions in the open market, and we retain discretion to make our selection according to business needs as well as the fees and quality of such financial services; and

(vi) as an A-share listed and B-share listed company, we have strong and independent financial position in the market. For example, we have obtained AA credit rating granted by the Industrial and Commercial Bank and Level 7 (Good) credit rating granted by the China Construction Bank, by which we will proactively raise funds from capital markets and expanded direct financing channels in the PRC.

CORPORATE GOVERNANCE MEASURES

Our Directors acknowledge the importance of good corporate governance in protection of our Shareholders' interests. In order to further manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates, we have adopted the following measures:

(i) our independent non-executive Directors will review the aforementioned non-competition undertakings and compliance situation on an annual basis;

(ii) our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance and enforcement of the aforementioned non-competition undertakings in our annual reports and/or by way of an announcement;

(iii) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors who 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 judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders;

(iv) in the event of a conflict of interest, such as resolutions regarding transactions with our Controlling Shareholders and/or their other associates, the relevant Director(s) who are connected with our Controlling Shareholders shall abstain from voting on such matters and shall not be counted toward the quorum at the relevant Board meeting. Further, when considering connected transactions and competing business, the independent non-executive Directors will review the relevant transactions, and where needed, we will engage additional independent consultants to provide advice to the independent non-executive Directors;

(v) in the event that any potential conflict of interest in connection with our Controlling Shareholders arises at the shareholders' level, our Controlling Shareholders and their close associates shall abstain from voting at the general meeting of our Company with respect to the relevant resolution(s);

(vi) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(vii) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(viii) as required by the 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 favorable 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 Shareholders as a whole;

(ix) we have appointed Orient Capital (Hong Kong) Limited as our compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control;

(x) our Audit, Risk Control and Compliance Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis and conduct research and provide advice to the Board in relation to our legal compliance and risk management; and

(xi) 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.