
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

To formalize the acting in concert arrangement, Mr. Chi, our chairman, executive Director and Chief Executive Officer, Mr. Zhang Huaidong, our executive Director, Ms. Jin Hui (spouse of Mr. Gong Changhua, our executive Director and vice president), Mr. Zhang Jingjun, our early Shareholder, and Mr. Xing Xixue, our executive Director, entered into the Concert Party Agreement in March 2026, pursuant to which such parties confirmed that they had acted in concert and followed Mr. Chi’s decision since they became shareholders of our Company, and they agreed to continue to act in concert until the end of 36 months after the date of the [REDACTED].

As of the Latest Practicable Date, Mr. Chi, Mr. Zhang Huaidong, Ms. Jin Hui, Mr. Zhang Jingjun, and Mr. Xing Xixue, through the acting-in-concert arrangement, jointly controlled approximately 72.63% of our total share capital, comprising: (1) 19.53% held by Mr. Chi and 9.50%, 2.35% and 2.84% held by Dynaflow No.1 LP, Dynaflow No.2 LP and Dynaflow No.3 LP respectively; (2) 13.67% held by Mr. Zhang Huaidong; (3) 11.72% held by Ms. Jin Hui; (4) 9.11% held by Mr. Zhang Jingjun; and (5) 3.91% held by Mr. Xing Xixue. Dynaflow No.1 LP, Dynaflow No.2 LP and Dynaflow No.3 LP are all controlled by Beijing Juhe as their general partner, which is controlled by Mr. Chi. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), they will in aggregate control approximately [REDACTED]% of our total issued share capital.

Therefore, Mr. Chi, Mr. Zhang Huaidong, Ms. Jin Hui, Mr. Zhang Jingjun, Mr. Xing Xixue, Dynaflow No.1 LP, Dynaflow No.2 LP, Dynaflow No.3 LP and Beijing Juhe constituted the group of our controlling shareholder as of the Latest Practicable Date and will be the group of our Controlling Shareholders following the [REDACTED].

CONFIRMATION IN RELATION TO ANY COMPETING INTEREST

Our Controlling Shareholders and Directors have confirmed that they do not have any interests in any business (apart from the business of the Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Controlling Shareholders after the [REDACTED].

Management Independence

Our business has been managed and conducted by our Board and senior management. Upon the [REDACTED], our Board consists of eight Directors, comprising five executive Directors and three independent non-executive Directors, and we also have five senior management members. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management.”

Our Directors are of the view that our Board and senior management are able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

- (1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (3) we have three independent non-executive Directors, who have extensive experience in different fields and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company will be referred to the independent non-executive Directors for review in accordance with the Listing Rules, applicable laws and our Articles of Association and internal policies; and
- (4) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which support our independent management. See “—Corporate Governance Measures.”

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Our Directors are of the view that we are able to continue operating independently of 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 business independently of our Controlling Shareholders. We have also established a comprehensive set of internal control measures to facilitate effective business operations, and we maintain independent customer acquisition channels. Our business operations do not rely on the support of our Controlling Shareholders in relation to suppliers. In addition, our access to, and relationship with, our key customers and suppliers are independent from our Controlling Shareholders.

In light of the above, our Directors are of the view that our Group have been operating independently of our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to be able to operate independently upon the [REDACTED].

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 management function with relevant finance personnel. Moreover, we open and manage our bank accounts independently and have never shared any bank account with our Controlling Shareholders.

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 and level of liquid assets as well as our ability to raise funds on a standalone basis. As of the Latest Practicable Date, our outstanding bank borrowings in the aggregate amount of RMB245.15 million were guaranteed by our Controlling Shareholders. All such guarantees are expected to be terminated upon the [REDACTED]. We do not expect to rely on our Controlling Shareholders or their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalents on the balance sheet as well as the [REDACTED] from the [REDACTED].

In light of the above, our Directors are of the view that our Group will be financially independent of our Controlling Shareholders and their respective close associates following the completion of the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We will adopt the following measures to safeguard sound corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will take effect upon [REDACTED]. Pursuant to our Articles of Association, Directors shall avoid any conflict of interest between themselves and the Company and shall not improperly use their position to benefit themselves. In particular, our Articles of Association provide that, in reviewing a connected transaction or related party transaction, the connected or related Director shall make appropriate disclosure to the Board and shall not vote on the resolution, and the Director shall not be counted in the quorum present at the meeting;
- (b) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We have appointed three independent non-executive Directors and believe that our independent non-executive Directors possess sufficient experience and they 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. For details of our independent non-executive Directors, see “Directors and Senior Management—Board of Directors—Independent Non-executive Directors” in this document;
- (c) we have appointed Mango Financial Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules, 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;
- (d) our Company has established internal control mechanisms to identify connected transactions. Upon and after the [REDACTED], if our Company enters into connected transactions (if any) with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction 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.

In light of the above, our Directors are of the view that there are sufficient and adequate corporate governance measures in place to manage existing and potential conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].