OUR CONTROLLING SHAREHOLDERS

Dr. Chen Huwen, Mr. Chen Huxiong and Ms. Chen Xueling are siblings, who co-founded M&G Group in May 2007. M&G Group, as its controlling shareholder, established M&G Corporation in 2008 which, in turn, established our Company in 2012.

As of the Latest Practicable Date, Dr. Chen Huwen, Mr. Chen Huxiong, Ms. Chen Xueling, M&G Group, Keying Investment, Jiekui Investment and M&G Corporation constitute a group of controlling shareholders of our Company (the "**Controlling Shareholders' Group**"). In particular:

(i) Dr. Chen Huwen, Mr. Chen Huxiong and Ms. Chen Xueling held 38%, 38% and 24% of the equity interest in M&G Group respectively;

(ii) M&G Group, Dr. Chen Huwen, Mr. Chen Huxiong, Ms. Chen Xueling, Keying Investment and Jiekui Investment directly held approximately 58.20%, 1.48%, 1.48%, 0.66%, 1.23% and 1.22% of the shares of M&G Corporation respectively. Dr. Chen Huwen was the general partner of and held approximately 79.33% of the partnership interests in Keying Investment. Mr. Chen Huxiong was the general partner of and held approximately 73.34% of the partnership interests in Jiekui Investment;

(iii) M&G Corporation, Dr. Chen Huwen, Mr. Chen Huxiong and Ms. Chen Xueling directly held approximately 77.78%, 4.00%, 3.30% and 1.50% of our Shares respectively.

As of the Latest Practicable Date, the Controlling Shareholders' Group held an aggregate of approximately 86.58% of our Shares. And immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the Controlling Shareholders' Group will hold an aggregate of approximately [**REDACTED**]% of our Shares.

M&G Group

M&G Group is a controlling shareholder of M&G Corporation. Its other businesses include equity investments, industrial operations, property holding and financial investments.

Keying Investment and Jiekui Investment

Keying Investment and Jiekui Investment are employee shareholding platforms for M&G Corporation.

M&G Corporation

M&G Corporation's principal businesses include the R&D, manufacturing and sale of M&G-branded writing instruments, student stationery, office stationery and other products, as well as general materials specialized digital procurement solution (the business segment of our Group) and large retail store operations.

DELINEATION OF BUSINESS BETWEEN US AND M&G CORPORATION

We are a procurement solution provider who primarily serve three major procurement scenarios: (i) office supplies, (ii) MRO products and (iii) marketing gifts and employee welfare products.

M&G Corporation and its subsidiaries (excluding our Group) differ substantially from our Group. The specific details are as follows:

- Business models: M&G Corporation and its subsidiaries (excluding our Group) primarily focus on the R&D, manufacturing and sale of M&G-branded products, and operate as a manufacturing-oriented enterprise. Our Group operates as a service-oriented enterprise, primarily focuses on providing multi-scenario general materials digital procurement solutions to enterprise customer.

- Business segments, target customers and market: M&G Corporation and its subsidiaries (excluding our Group) primarily operate in M&G's-branded products segment, serving end consumers and distributors in the massive consumer stationery market, whereas our Group focuses on providing general materials digital procurement solutions, serving enterprise customers including state-owned enterprises, financial institutions, Fortune Global 500 companies, China's Top 500 private enterprises, and government agencies.
- Sales channels: M&G Corporation and its subsidiaries (excluding our Group) sell their products primarily through distribution networks, retail stores and e-commerce platforms. Our Group primarily adopts a direct sales approach and secures orders through participation in tenders and framework agreements.
- Scope of products sold/services provided: M&G Corporation and its subsidiaries (excluding our Group) primarily provide M&G-branded products to end consumers and distributors. Our Group provides multi-scenario procurement solutions including office supplies, MRO products, marketing gifts and employee welfare products from global brands.

Based on the above, there is a clear delineation between our business and those of M&G Corporation in terms of business models, business segments, target customers and market, sales channels, and scope of products sold/ services provided.

Each of our Controlling Shareholders and our Directors has confirmed that, as of the Latest Practicable Date, he, she or it did not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

Non-competition Undertaking

In order to limit potential competition between M&G Corporation and our Company, a non-competition undertaking dated March 30, 2026, was provided by M&G Corporation in our favor, pursuant to which, among others, M&G Corporation undertook:

1. during the period in which the M&G Corporation acts as the controlling shareholder of our Company, neither M&G Corporation nor its subsidiaries (excluding the Company and its subsidiaries) shall,
    (i) directly or indirectly, engage in business that is the same as or similar to the principal business of the Company and its subsidiaries;
    (ii) either within or outside the PRC, engage in business that is the same as or similar to the principal business of the Company and its subsidiaries through investment, acquisition, joint ventures, mergers, or entrusted management; and
2. in the event that M&G Corporation breaches the above undertaking and causes loss to any relevant party, M&G Corporation shall bear the corresponding liability for compensation in accordance with the relevant laws and regulations.

The above undertaking by M&G Corporation shall become effective from the date on which our Company submits its application documents to the Hong Kong Stock Exchange for the purpose of [**REDACTED**] and shall remain in force for as long as M&G Corporation remains as one of the controlling shareholders of our Company.

INDEPENDENCE FROM 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 after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board will comprise four executive Directors and three independent non-executive Directors upon [**REDACTED**].

The Directors are of the view that our Board and our senior management are capable of operating our business and managing all actual or potential conflicts of interest independently of M&G Group, Keying Investment, Jiekui Investment and M&G Corporation for the following reasons:

(a) Except for Dr. Chen, there will not be any overlap of directors and senior management between M&G Group, Keying Investment, Jiekui Investment and M&G Corporation, and our Company in terms of directors and senior management. The executive Directors (other than Dr. Chen) and the members of our senior management are responsible for the day-to-day management of our business and none of them holds any directorships and/or other roles within M&G Group, Keying Investment, Jiekui Investment or M&G Corporation;

(b) all of our independent non-executive Directors are independent of M&G Group, Keying Investment, Jiekui Investment and M&G Corporation and are professional parties having extensive experience in their respective areas of expertise. See "Directors and Senior Management" in this Document for more details;

(c) our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;

(d) each Director is aware of his or her fiduciary duties as a director which require, among others, that he or she acts for the benefit and in the interest of our Company and does not allow his/her personal interest to interfere with our Company's best interests;

(e) 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 associates, the interested Director(s) shall not vote on any resolutions of our Board approving any contract, 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 at the relevant Board meeting; and

(f) we have adopted corporate governance measures and sufficient and effective control mechanism to manage conflicts of interest, if any, between our Company and our Controlling Shareholders, which would support our independent management. Please see "— Corporate Governance Measures" below in this section for other corporate governance measures we have adopted to manage conflicts of interest, if any, between our Group and our Controlling Shareholders.

Based on the above, our Directors are of the view that our Board of Directors and senior management are able to perform their managerial roles in our Company independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

We hold all material licenses and own all material intellectual properties (or rights to use intellectual properties) and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have a separate management team and separate functional departments for essential administrative functions, including accounting and internal audit departments which operate independently from our Controlling Shareholders. We have also adopted a set of internal control procedures to maintain effective and independent operation of our business.

During the Track Record Period, we entered into certain lease agreements with M&G Group, one of our Controlling Shareholders, pursuant to which our Company agreed to rent properties as its office. Principal terms of such lease agreements are set forth as follows:

Lessor	Lessee	Property	Term	Use of Property	Property Size	Rental and payment terms	Listing Rules Implications
					(square meters)		
M&G Group .	Our Company	Units on the 1st, 3rd and 14th Floors, Building 2, No. 1528 Gumei Road, Xuhui District, Shanghai, PRC	January 1, 2024 to December 31, 2026	Office	4,747.71	RMB8,664,570.75 per annum and payable quarterly in advance; adjusted to RMB6,931,656.60 per annum for the period from January 1, 2026 to December 31, 2026.	Upon application of IFRS 16 since January 1, 2019, we have recognized right-of-use assets in relation to the fixed-term leases in the form of an asset (representing the right to use the underlying assets during the lease term) and a liability (for the obligation to make lease payments). These office lease agreements are subject to a fixed term and are regarded as a one off connected acquisition of capital asset under the Listing Rules. As these office lease agreements were entered into prior to the **[REDACTED]** and the transactions thereunder are one-off in nature, the rental payments contemplated thereunder will not be classified as continuing connected transactions under Chapter 14A of the Listing Rules.
		Units on the 11th Floors, Building 2, No. 1528 Gumei Road, Xuhui District, Shanghai, PRC	January 1, 2024 to December 31, 2026	Office	1,798.38	RMB3,282,043.50 per annum and payable quarterly in advance; adjusted to RMB2,625,634.80 per annum for the period from January 1, 2026 to December 31, 2026.	
		Units on the 12th Floors, Building 2, No. 1528 Gumei Road, Xuhui District, Shanghai, PRC	January 1, 2024 to December 31, 2026	Office	1,798.38	RMB3,282,043.50 per annum and payable quarterly in advance; adjusted to RMB2,625,634.80 per annum for the period from January 1, 2026 to December 31, 2026.	
		Units on the 15th Floors, Building 2, No. 1528 Gumei Road, Xuhui District, Shanghai, PRC	October 1, 2024 to December 31, 2026	Office	1,798.38	RMB3,282,043.50 per annum and payable quarterly in advance; adjusted to RMB2,625,634.80 per annum for the period from January 1, 2026 to December 31, 2026.	
		Units on the 16th Floors, Building 2, No. 1528 Gumei Road, Xuhui District, Shanghai, PRC	October 1, 2024 to December 31, 2026	Office	1,696.17	RMB3,095,510.25 per annum and payable quarterly in advance; adjusted to RMB2,476,408.20 per annum for the period from January 1, 2026 to December 31, 2026.	

In addition, we also entered into with M&G Group and M&G Corporation transactions concerning (i) lease of properties from M&G Corporation (and its subsidiaries), (ii) supply of products to M&G Group (for itself and on behalf of its subsidiaries (excluding M&G Corporation and its subsidiaries), (iii) supply of products to M&G Corporation and its subsidiaries (excluding our Group), and (iv) procurement of products from M&G Corporation and its subsidiaries (excluding our Group). See "Connected Transactions" for details of such transactions. For details about our related party transactions during the Track Record Period, see Note 34 to the Accountants' Report as set forth in Appendix I of this Document.

Our Directors are of the view that the Continuing Connected Transactions will not undermine the operational independence of our Group on the basis that (i) with our access to independent sources and in a sufficiently competitive market, our Group has other suppliers, customers and lessors who are Independent Third Parties, and will be able to identify further suitable suppliers, customers, lessors or other suitable substitutes (including alternative office premises and warehouse facilities) through fair negotiation at similar terms and conditions to meet our business and operational needs, without causing any undue delay or material disruption to our operations; and (ii) each of the Continuing Connected Transactions with our Controlling Shareholders has been and will be conducted in the ordinary and usual course of business, on normal commercial terms or better, and on terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principles and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Company).

As of the Latest Practicable Date, we did not have any outstanding loans granted or guaranteed by any of our Controlling Shareholders to us.

Based on the above, our Directors are of the view that our Company is able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Company).

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Company and our Controlling Shareholders:

(a) under the Articles, where any member is, under the Listing Rules, required to abstain from voting only for or only against any particular resolution proposed at a Shareholders' meeting, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted in the quorum in respect of such transactions;

(b) we have established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [**REDACTED**];

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Company and our Controlling Shareholders (the "**Annual Review**") (including review of the composition of the Board and consider whether the Board, in light of the management overlap and the matters requiring the overlapping Directors to abstain from voting, can maintain effective functioning) and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Red Solar Capital Limited as our compliance advisor for the period prescribed by the Listing Rules to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].