OVERVIEW

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Huang and Mr. Huang Changbing will, in aggregate, control approximately **[REDACTED]**% of the voting rights attached to the Shares entitled to vote at the general meetings of our Company. Mr. Huang Changbing and Mr. Huang are father and son, and have entered into the acting-in-concert agreements as mentioned below, and in any event are deemed to be acting in concert under the SFO by virtue of their family relationship, and accordingly, Mr. Huang Changbing and Mr. Huang (collectively, the "**Huang Family**"), constitute a group of Controlling Shareholders of our Company.

In March 2004 and November 2005, the Huang Family entered into two acting-in-concert agreements (collectively, the "**Acting-in-Concert Agreements**") in respect of Dongsheng Chemical and our Company, respectively. The principal terms of the Acting-in-Concert Agreements are substantially identical. Pursuant to the Acting-in-Concert Agreements, the Huang Family undertake, among other things, that they will be acting in concert with each other in exercising their voting rights at the Board and the Shareholders' meetings of our Company and Dongsheng Chemical. Any party shall appoint the other as his proxy to attend and exercise the voting rights on his behalf where necessary.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

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

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and its close associates after the **[REDACTED]**.

Management Independence

Upon the completion of the **[REDACTED]**, our Board will consist of nine Directors, comprising five executive Directors, one employee representative Director and three independent non-executive Directors. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For details, please refer to the section headed "Directors and Senior Management".

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

(a) our daily management and operations are carried out independently by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company. For details of the industry experience of our senior management team, please refer to the section headed "Directors and Senior Management" in this document;

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

(c) 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;

(d) our Board has a balanced composition of executive Directors, employee representative Director and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with any of the Controlling Shareholders or their respective close associates; (b) our independent non-executive Directors account for one-third of the Board; and (c) our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" in this document, together possess the requisite knowledge, expertise and experience for their views to carry weight. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

(e) upon **[REDACTED]**, we will adopt a series of corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. For details, please refer to the subsection headed "— Corporate Governance" in this section below.

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

We will continue to operate our business independently from our Controlling Shareholders after the **[REDACTED]** due to the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our business;

- we have a sufficient level of operations, assets, facilities, technologies and employees including research and development employees to support our own **[REDACTED]** status and to operate and function independently from our Controlling Shareholders;

- we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;

- we have our own financial department, human resources and administration department and audit department. These departments are led and supervised by our own senior management team who reports to the Board. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and

- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operation. For details of the corporate governance measures, please refer to the subsections headed “— Management Independence” and “— Corporate Governance” in this section below.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with our Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with our Controlling Shareholders or any other entities controlled by them.

During the Track Record Period, our Group obtained certain bank loans, in connection with which Mr. Huang Changbing and Mr. Huang, our Controlling Shareholders, (i) pledged all of their Shares in our Company; (ii) pledged approximately 9.00% of their equity interest in Dongsheng Chemical; and (iii) together with their associates, provided personal guarantees. For further details, please refer to “notes 26 and 34 to Appendix I — Accountants’ Report” in this document. As of April 30, 2026, the interest-bearing bank borrowings secured by the guarantees mentioned above amounted to RMB1,231.90 million. As of April 30, 2026, our Group entered into finance leasing arrangements in the amount of approximately RMB243.00 million, which were guaranteed by personal guarantees provided by Mr. Huang and/or his associates. Our Directors confirm that all guarantees provided by our Controlling Shareholders and/or their associates, as well as their pledges of shares in the Company and Dongsheng Chemical, will be released prior to **[REDACTED]**.

We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders in view of our steady cash flow generation, as well as our ability to raise funds independently. We believe that key financial institutions in China, where our operations are primarily conducted, recognize the standalone creditworthiness of our Company and are willing to grant credit lines without financial support from our Controlling Shareholders or their close associates following the **[REDACTED]**.

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates and are able to maintain our financial independence.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and our Controlling Shareholders:

(a) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Shareholders' meeting is to be held for considering proposed transactions in which any one of our Controlling Shareholders or their respective associates has a material interest, our Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;

(c) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon **[REDACTED]**. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(d) our Company has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if our Company enters into related party transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(e) our Board consists of a balanced composition of executive, employee representative and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment. We believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and independent opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, please refer to the section headed "Directors and Senior Management" in this document;

(f) 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

(g) we have appointed Altus Holdings Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied 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]**.