
RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Sun was entitled to exercise the voting rights attaching to [17.74]% of our total issued Shares.

Immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and there are no other changes in the issued Shares and the number of repurchased A shares held in our Company’s stock repurchase account), Mr. Sun will be entitled to exercise the voting rights attaching to [REDACTED]% of our total issued share capital. Accordingly, Mr. Sun will continue to be our Single Largest Shareholder upon [REDACTED].

For further information about Mr. Sun, see “Directors and Senior Management.”

INTERESTS OF OUR SINGLE LARGEST SHAREHOLDER IN OTHER BUSINESSES

Our Single Largest Shareholder confirmed that as of the Latest Practicable Date, he did not have any interest in other business, apart from the business of our Group, 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 SINGLE LARGEST SHAREHOLDER

Our Directors consider that we are capable of carrying on our business independently from our Single Largest Shareholder and his close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board consists of nine Directors, comprising five executive Directors, one non-executive Directors and three independent non-executive Directors. Mr. Sun, our Single Largest Shareholder, is the chairman of the Board and an executive Director.

Our Directors consider that we are able to carry on our business independently from our Single Largest Shareholder from a management perspective for the following reasons:

- (a) our daily management and operations are carried out by a 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 Group. See “Directors and Senior Management” for details of the industry experience of our senior management team;
- (b) each Director 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 interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder which would support our independent management. See “— Corporate Governance” below for details.

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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 Group independently from our Single Largest Shareholder and his close associates after the [REDACTED].

Operational Independence

We do not rely on our Single Largest Shareholder and his close associates for our daily operations. While our business operations and growth prospects might be affected by the experience and abilities of Mr. Sun, and our senior management and key personnel, we have our own departments specializing in business development, sales and marketing, financing, logistics, human resources, administration, internal audit, information technology, legal and compliance, technology R&D, procurement or company secretarial functions which have been in operation and are expected to continue to operate separately and independently from our Single Largest Shareholder and his close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Shareholder and/or his close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. Our Company maintains bank accounts independently and does not share any bank account with our Single Largest Shareholder. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently from our Single Largest Shareholder and his close associates. We do not expect to rely on our Single Largest Shareholder and his close associates for financing after [REDACTED] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [REDACTED] from the [REDACTED].

Mr. Sun, our executive Director and our Single Largest Shareholder, provides guarantees in respect of our certain bank loans. As of the Latest Practicable Date, the Group had bank loans of RMB897.0 million which were guaranteed by Mr. Sun were expected to continue after the [REDACTED] (the “**Connected Guarantees**”). The Connected Guarantees are provided to certain independent commercial banks as securities of our bank loan facilities, which are expected to end in September 2033.

Our Directors are of the view that a premature discharge of the Connected Guarantees (including the replacement of the Connected Guarantees with corporate guarantees provided by the Group) before the [REDACTED] would not be commercially viable and would be unduly onerous or otherwise unnecessary to our Company and would not be in the best interest of our Company and our Shareholders, considering that an early discharge of the Connected Guarantees would necessitate renegotiating the terms of the relevant bank loans, a process that is time-consuming and could potentially result in less favorable financing terms.

Save as disclosed above, as of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, our Single Largest Shareholder or his close associates.

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Notwithstanding the Connected Guarantees, our Directors are of the view that we are financially independent of our Single Largest Shareholder and/or his close associates after the [REDACTED] for the following reasons: (i) the bank loans subject to the Connected Guarantees are not expected to constitute a substantial portion of our total borrowings after the [REDACTED]. The Connected Guarantees are expected to amount to approximately RMB897.0 million, whereas our total borrowings as of March 31, 2026 were RMB12,143.7 million; (ii) we have maintained a robust cash position. As of March 31, 2026, our cash and cash equivalent amounted to RMB3.4 billion, exceeding the amount of the bank loans subject to the Connected Guarantees; and (iii) we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Single Largest Shareholder or his close associates. We raised net proceeds of approximately RMB1.9 billion in our 2025 A Share Placement from investors, who are Independent Third Parties.

Based on the above, our Directors believe that, from a financial perspective, we are capable of carrying on our business independently from, and do not place undue reliance on, our Single Largest Shareholder and/or his close associates after the [REDACTED].

CORPORATE GOVERNANCE

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

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures 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 Group and our Single Largest Shareholder and his close associates:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Single Largest Shareholder or any of his respective associates has a material interest, our Single Largest Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) 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 abstain 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;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Group enters into connected transactions with our Single Largest Shareholder or any of his associates, we will comply with the applicable Listing Rules;
- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experience, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See “Directors and Senior Management” for details of the independent non-executive Directors;
- (e) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company’s expenses; and

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- (f) we have appointed Somerley Capital Limited as our Compliance Advisor to provide us with advice and guidance 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 Group and our Single Largest Shareholder, and to protect minority Shareholders’ interests after [REDACTED].