# RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

## OVERVIEW

As of the Latest Practicable Date, Asia Wealth is a direct beneficial owner of 658,405,037 Shares of our Company. Asia Wealth is wholly owned by Grace Fabric Investment. which is wholly owned by Grace THW Holding. Grace THW Holding is 67.17% owned by NextFocus Investments and 0.68% owned by Mr. Wong. NextFocus Investments is wholly owned by Ms. Wong, who is the daughter of Mr. Wong. Both Mr. Wong and Ms. Wong are seasoned investors and entrepreneurs. They control a number of companies including Epoxy Base Electronic Material Corporation Limited (宏昌電子材料股份有限公司) which is a listed company on Shanghai Stock Exchange (stock code 603002) with its principal business in the production and sales of electronic grade epoxy resin and CCLs. Other members of the Controlling Shareholders Group are all investment holding companies.

As of the Latest Practicable Date, each of Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest holds 28,805,220 Shares representing 3.18%, 26,005,404 Shares representing 2.87%, 24,690,190 Shares representing 2.73% and 1,121,312 Shares representing 0.12%, respectively.

Asia Wealth, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest are all controlled by Ms. Wong. Pursuant to the Acting-in-concert Agreement, Mr. Wong and Ms. Wong have agreed to act in concert in respect of matters relating to the Company. Therefore, Asia Wealth, Mr. Wong, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Ms. Wong, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest were in aggregate entitled to exercise the voting rights attached to 739,027,163 Shares and approximately 81.70% of our Shares in issue and constituted our Controlling Shareholders Group as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, Asia Wealth, Mr. Wong, Grace Fabric Investment, Grace THW Holding, NextFocus Investments, Ms. Wong, Unicorn Ace, Sharp Tone, Integrity Link and Fusecrest will be entitled to exercise in aggregate the voting rights attached to approximately **[REDACTED]**% of our Shares in issue. Assuming the **[REDACTED]** is exercised in full, our Controlling Shareholders Group will be entitled to exercise in aggregate the voting rights attached to approximately **[REDACTED]**% of our Shares in issue. Accordingly, each of them will remain part of the Controlling Shareholders Group of our Company upon **[REDACTED]**.

## RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of members of our Controlling Shareholders Group had any interest in any business which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE OF OUR GROUP FROM OUR CONTROLLING SHAREHOLDERS GROUP

Our Directors are of the view that our Group is capable of carrying on its business independently from our Controlling Shareholders Group following the completion of the **[REDACTED]** for the following reasons.

### Management Independence

Our daily management and operational decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors, and we have a team of three senior management members (two of whom are our executive Directors). All of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective Board. We also have sufficient members of our management team who are independent from our Controlling Shareholders Group and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group. We consider that our Directors and senior management of our Company can independently perform their duties in our Company and operate independently from our Controlling Shareholders Group for the following reasons:

(i) save as the two non-executive Directors (Ms. Chung Ching-Hsuan and Ms. Wu Tsui) who hold a position as secretaries to the President's Office in Grace THW Holding which is an investment holding company, all of our other Directors and members of our senior management team are independent from our Controlling Shareholders Group, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. The two non-executive Directors are not involved in the daily management of our Group. In addition, the management personnel of our Group have clear reporting lines, and ultimately the management team reports to our Board. Our Board supervises and monitors the performance of our Group's management team generally through regular meetings of our Board and extraordinary meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of management team, as well as the regular updates of operational and financial data and information that are provided to our Directors. See "Directors and Senior Management" for biographical details of our Directors and senior management;

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

(iii) the Articles of Association have made relevant provisions to avoid conflict of interest, in that 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;

(iv) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Group and to promote the interest of the Group and its Shareholders as a whole. Specifically, (a) our independent non-executive Directors are not associated with members of our Controlling Shareholders Group or their respective associates; (b) we have three independent non-executive Directors, which account for one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite experience, knowledge and competence as independent directors of listed companies and will be able to provide professional and balanced advice to the Board. Accordingly, our 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 interests of our Group and the Shareholders as a whole. See "Directors and Senior Management — Directors" for biographical details of our independent non-executive Directors; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders Group which would support our independent management. See "— Corporate Governance Measures" for further details.

In light of the above, we believe that our Group can be managed independently from members of our Controlling Shareholders Group and their respective close associates.

**Operational Independence**

Our Company has been operating and will continue to operate after **[REDACTED]**, independently from our Controlling Shareholders Group. Our Group makes and implements operational decisions independently of our Controlling Shareholders Group and has our own organizational structure with independent departments, including our own business units, R&D department, sales and marketing department and other administrative functions (such as administration, finance, human resources, legal and compliance and company secretarial functions), each with specific areas of responsibility. Furthermore, we have independent production capabilities and technology relating to our Group's business and do not rely on our Controlling Shareholders Group. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company also has independent channels to access our customers, suppliers and business partners, and is not dependent on our Controlling Shareholders Group in these respects. Although we had some connected transactions with Wuxi Grace and Zhuhai Grace during the Track Record Period where we sold electronic fabric to them, our operational independence from the Controlling Shareholders Group is not compromised with a set of internal control measures in place. See "Connected Transactions" of this document for details. Our Group has our own employees who are primarily recruited through both internal referrals and external sources (such as campus recruitment, recruitment websites and third-party recruiters) to operate the business and can independently manage its human resources. We have obtained relevant licences, approvals and permits from relevant regulatory authorities which are material to our operations in the PRC. Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders Group and will continue to be so after the **[REDACTED]**.

**Financial Independence**

We have adopted our own independent audit, financial management and internal control systems and also have an independent accounting and finance department responsible for discharging relevant accounting, financial management and treasury functions, which are all independent from members of our Controlling Shareholders Group and their respective close associates. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with our Controlling Shareholders Group. On May 11, 2026, Huangshi Grace (as borrower) and Guangzhou Han Rigid Corporation (廣州宏信塑膠工業有限公司), an entity controlled by Mr. Wong and Ms. Wong (as lender) entered into a short-term loan agreement, pursuant to which Guangzhou Han Rigid Corporation (廣州宏信塑膠工業有限公司) agreed to make available to our Group a facility of up to RMB200,000,000 (the "**Loan**"). The Loan is provided for a term of one year from the date of drawdown at an interest rate of 3% per annum, for the purpose of enhancing working capital liquidity of our Group. Huangshi Grace has confirmed and undertaken that the Loan, if drawn down, shall be fully repaid on or before the **[REDACTED]** and as such, this loan arrangement will not constitute a continuing connected transaction of our Company upon **[REDACTED]**. This short-term loan arrangement does not and will not impact the financial independence of our Company. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders Group. We do not expect to rely on members of our Controlling Shareholders Group or any of their close associates for financing after the **[REDACTED]** as we expect that our working capital will be primarily funded by cash generated from our business operation, and external financing.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders Group.

## CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of sound corporate governance in protection of our Shareholders' interests. 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, upon **[REDACTED]**.

In order to further avoid potential conflicts of interest, we have implemented or will implement the following measures to strengthen the protection of our Shareholders' interests:

(i) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, in relation to connected transactions entered into with any member our Controlling Shareholders Group or their respective associates, our Company will comply with the applicable requirements under the Listing Rules;

(iii) we are committed that our Board shall include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We appointed three independent non-executive Directors as of the Latest Practicable Date, and believe our independent non-executive Directors (a) possess sufficient experience; (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement; and (c) will be able to provide impartial and independent opinion to protect the interests of our Shareholders as a whole. In the event that our independent non-executive Directors are requested to consider or review any conflict of interest circumstances involving our Controlling Shareholders Group, the independent non-executive Directors will be provided with all necessary information for consideration and will be allowed to seek advice from independent professionals (such as financial advisors or legal advisors) at the expense of our Company;

(iv) we have appointed Red Solar Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to directors' duties and corporate governance, upon **[REDACTED]**; and

(v) as required by the Listing Rules, in relation to any continuing connected transaction entered into with the Controlling Shareholders Group, our independent non-executive Directors shall review any such 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 favourable 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.