OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Li Brothers controls approximately 55.69% of the voting rights of the Company through (i) Jiangxi Dongliang, a company which is held as to 20.0% by each of the Li Brothers, and holds 21.53% of our total issued and outstanding Shares; (ii) Zhaoqing Shengda(1), a limited partnership established under the laws of the PRC of which Mr. Li Sen is the general partner and holds 5.37% of our total issued and outstanding Shares; (iii) Zhaoqing Senlong(2), a limited partnership established under the laws of the PRC of which Mr. Li Sen is the general partner and holds 2.44% of our total issued and outstanding Shares; and (iv) direct beneficial interest held by each of the Li Brothers which in aggregate amounts to 26.35% of our total issued and outstanding Shares. Each of the Li Brothers and Jiangxi Dongliang have entered into the AIC Agreement dated July 22, 2021, supplemented by a supplemental AIC confirmation dated November 16, 2024. Pursuant to the AIC Agreement, each of the parties to the AIC Agreement shall, prior to each Directors' meeting and Shareholders' meeting, consider and reach a consensus beforehand on the matters to be considered at the relevant meeting and to vote in unanimity. If the parties are unable to reach a consensus, the decision of Mr. Li Sen will be taken as the final decision. For further details of the acting in concert arrangement under the AIC Agreement, please see "History and Corporate Structure — Acting in Concert Arrangement."

Immediately following the completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**], and no other changes are made to the issued share capital of the Company from the Latest Practicable Date to the [**REDACTED**], the Li Brothers, Jiangxi Dongliang, Zhaoqing Shengda and Zhaoqing Senlong will be entitled to collectively control the exercise of approximately [**REDACTED**] of the total voting rights of our Company. As such, the Li Brothers, Jiangxi Dongliang, Zhaoqing Shengda and Zhaoqing Senlong constituted as of the Latest Practicable Date and will continue to constitute a group of Controlling Shareholders of our Company immediately upon [**REDACTED**]. For details of the background and shareholding information of our Controlling Shareholders, see "History and Corporate Structure — Corporate and Shareholding Structure."

Notes:

(1) As of the Latest Practicable Date, (i) Zhaoqing Shengda was owned as to approximately 59.03% by Mr. Li Sen, as its sole general partner, and (ii) the remaining 40.97% were owned by 18 limited partners, none of whom held more than one-third of the partnership interests therein. Zhaoqing Shengda is our employee incentive platform. For further details of Zhaoqing Shengda and its limited partners, please refer to the section headed "History and Corporate Structure — Employee Incentive Platform" in this document.

Mr. Li Sen, as the sole general partner of Zhaoqing Shengda, is responsible for the management of Zhaoqing Shengda and exercising the voting rights attaching to the Shares held by Zhaoqing Shengda, in accordance with the partnership agreement entered into among the general and limited partners of Zhaoqing Shengda. As the limited partners of Zhaoqing Shengda (i) are not involved in the management of Zhaoqing Shengda; (ii) have no control over the exercise of voting rights attached to the Shares held by Zhaoqing Shengda, which remains at the sole decision of Mr. Li Sen; and (iii) are only entitled to the passive economic interest in Zhaoqing Shengda, they should not be treated as controlling shareholders of our Company.

(2) As of the Latest Practicable Date, Zhaoqing Senlong was owned as to approximately (i) 10.15% by Mr. Li Sen as its sole general partner and (ii) 68.33% and 21.52% by Ms. Ling Ruixiu (凌瑞秀), an Independent Third Party, and Zhaoqing Hongsheng Energy Technology Partnership (Limited Partnership)* (肇慶鴻升能源技術合夥企業(有限合夥)) ("**Zhaoqing Hongsheng**"), respectively, as its limited partners. Zhaoqing Hongsheng was beneficially owned as to 99.00% by Mr. Li Sen, as its sole general partner, and 1.00% by Mr. Li Xiang (李相), as its limited partner.

Pursuant to the partnership agreement of Zhaoqing Senlong, Mr. Li Sen was appointed as the executive partner responsible for the execution of partnership affairs. As Ms. Ling Ruixiu and Zhaoqing Hongsheng in their capacities as limited partners of Zhaoqing Senlong, as well as Mr. Li Xiang in his capacity as limited partner of Zhaoqing Hongsheng, (i) are not involved in the management of Zhaoqing Senlong, (ii) have no control over the exercise of voting rights attached to the Shares held by Zhaoqing Senlong, which remains at the sole decision of Mr. Li Sen; and (iii) are only entitled to a passive economic interest therein, they should not be regarded as controlling shareholders of our Company.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of the Controlling Shareholders confirms that he/it currently does not have any interest in a business (save for the business of our Group) that competes or is likely to compete, whether directly or indirectly, with our Group's business, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date, Jiangxi Ruifeng Environmental Protection Co., Ltd.* (江西睿鋒環保有限公司) ("**Jiangxi Ruifeng**") is held as to, among others, 33.74% by Jiangxi Chuying Enterprise Management Co., Ltd.* (江西雛鷹企業管理有限公司) ("**Jiangxi Chuying**"), 24.20% by Ganzhou Ruixiang Environmental Protection Technology Development Center (Limited Partnership)* (贛州市瑞翔環保技術開發中心(有限合夥)) ("**Ganzhou Ruixiang**"), 22.28% by Wanzai County Yibao Energy Technology Partnership Enterprise (Limited Partnership)* (萬載縣宜保能源技術合夥企業(有限合夥)) ("**Yibao Energy**"), 2.56% by Wanzai County Ruibo Environmental Protection Technology Development Partnership Enterprise (Limited Partnership)* (萬載縣睿博環保技術開發合夥企業(有限合夥)) ("**Ruibo Environmental Protection**"), 3.35% by Zhou Xingyang (周興揚), an associate of Mr. Zhou Chutao, our executive Director, Board secretary and joint company secretary and the remaining 13.87% shareholding of Jiangxi Ruifeng were held by five Independent Third Parties. As of the Latest Practicable Date, Jiangxi Chuying was held by each of Mr. Li Jiang (李將), Mr. Li Xiang (李相), Mr. Li Tao (李滔), Mr. Li Jing (李經) and Mr. Li Yang (李陽) as to 20%, all of whom are sons of the Li Brothers and are connected persons of our Company. Ganzhou Ruixiang was ultimately wholly owned by Jiangxi Ruifeng with Wanzai Zhicheng as its general partner. Jiangxi Dongliang is the general partner of Yibao Energy holding 18.78% interest thereof and the general partner of Ruibo Environmental Protection holding 27.91% interest thereof. Mr. Zhou Xingyang is a limited partner of Yibao Energy, and Mr. Li Jiang (李將) and Mr. Li Zongxian (李宗賢), each a connected person of our Company, are limited partners of Ruibo Environmental Protection. Save as disclosed above, each of other partners of Yibao Energy and Ruibo Environmental Protection is an Independent Third Party.

As of the Latest Practicable Date, Jiangxi Ruifeng has two wholly-owned subsidiaries, namely Jiangxi Taiyun and Wanzai Zhicheng, and a partnership, Ganzhou Ruixiang. During the Track Record Period, we have engaged in certain continuing transactions with Jiangxi Taiyun and Wanzai Zhicheng which would become our continuing connected transaction upon the [**REDACTED**]. See "Connected Transactions."

Our Directors are of the view that there is a clear delineation of the businesses of Jiangxi Ruifeng and its subsidiaries (the "**Jiangxi Ruifeng Group**") and our Company and there is no competition between Jiangxi Ruifeng Group and us as illustrated below:

	Jiangxi Ruifeng Group	Our Group
(i) Different principal business.	Jiangxi Ruifeng is primarily engaged in the business of recycling of industrial hazardous waste and general industrial solid waste. Jiangxi Taiyun is principally engaged in the provision of logistics and transportation services. Wanzai Zhicheng is principally engaged in the provision of solid waste processing services.	Our Group is primarily engaged in the recycling, resource recovery, and reuse of lithium-ion batteries.

	Jiangxi Ruifeng Group	Our Group
(ii) Different products and services	The main products of Jiangxi Ruifeng include electrolytic copper, activated zinc oxide, zinc ingots, crude lead, crude tin and matte copper. These materials are mainly used in non-ferrous metal smelting, refining and deep processing for the manufacturing of refined tin, tin electronic products, refined lead and electroplated galvanized steel sheets. Jiangxi Taiyun is a service provider of logistics and transportation services. Wanzai Zhicheng is a service provider of processing services for industrial solid waste and hazardous solid waste.	Our Group's main products include lithium carbonate, nickel sulfate, cobalt sulfate and graphite. These materials are ultimately remanufactured into lithium-ion batteries by our downstream customers.
(iii) Different target customers	Jiangxi Ruifeng's customers are primarily companies engaging in to the business of smelting of copper, tin and lead. Jiangxi Taiyun's customers are primarily companies that require logistics and transportation services for general and hazardous goods and materials. Wanzai Zhicheng's customers are primarily companies engaged in smelting business.	Our Group's customers are primarily leading battery material manufacturers for lithium-ion batteries.

Delineation of the Businesses of our Group and Jiangxi Ruifeng

Based on the following aspects, our Directors are of the view that the businesses of the Group and Jiangxi Ruifeng are clearly delineated:

(1) Business Models

Our Group operates in the new energy material industrial and focuses on the recycling of lithium-ion battery and the production of high-purity battery materials. We adopt a closed-loop business model where retired lithium-ion batteries are processed to extract valuable components such as nickel, cobalt, manganese and lithium for the purpose of refining into battery-grade materials. Our business model involves (a) extracting and separating components from retired lithium-ion batteries; (b) using advanced hydrometallurgical processes to produce high-purity materials for battery manufacturing and (c) supplying battery-grade nickel sulfate, cobalt sulfate, lithium carbonate, and ternary precursors to manufacturers in the NEV and energy storage sectors.

On the other hand, Jiangxi Ruifeng specializes in the industrial hazardous waste recycling industry, focusing on the recovery of non-ferrous metals from hazardous waste. Its business model revolves around (a) safe handling and processing of industrial solid and hazardous waste; (b) extraction of valuable metals such as copper, zinc, lead, and tin using both hydrometallurgical and pyrometallurgical processes; and (c) provision of waste treatment services to ensure compliance with environmental regulations.

(2) Products

Our main products include lithium carbonate, nickel sulfate and cobalt sulfate. These materials are ultimately remanufactured into lithium-ion batteries by our downstream customers.

On the other hand, the main products of Jiangxi Ruifeng include electrolytic copper, activated zinc oxide, zinc ingots, crude lead, crude tin and matte copper. These materials are mainly used in non-ferrous metal smelting, refining and deep processing for the manufacturing of refined tin, tin electronic products, refined lead and electroplated galvanized steel sheets.

(3) Target customers

Our customers are primarily leading battery material manufacturers for lithium-ion batteries while Jiangxi Ruifeng's customers are primarily companies engaging in the business of smelting of copper, tin and lead.

(4) Industry Classification

Our business is classified under C3985 (Electronic Special Material Manufacturing) according to the National Economic Industry Classification (GB/T 4754-2017) (《國民經濟行業分類(GB/T 4754-2017)》) jointly issued by the former General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) of the PRC and the Standardization Administration of China (中國國家標準化管理委員會), while Jiangxi Ruifeng is classified under C4210 (Metal Waste and Scrap Processing) under the same classification system. According to Frost and Sullivan, C3985 refers to the manufacturing of specialized electronic materials such as lithium-ion battery materials and C4210 refers to the recycling and processing of waste resources and waste materials.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Our business is managed and conducted by our Board and senior management. Upon the [**REDACTED**], our Board will consist of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors, and we also have three Supervisors and five additional senior management members (who are not Directors). Each of our Directors, Supervisors 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, Supervisors and senior management, see "Directors, Supervisors and Senior Management."

Our Directors consider that our Board, Supervisors and senior management of our Company will function independently of our Controlling Shareholders after the [**REDACTED**] because:

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

(b) our daily management and operations are carried out by our executive Directors and the members of 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 Group. Furthermore, save for Mr. Li Sen, Mr. Li Xin and Mr. Li Yao who are our Controlling Shareholders, and Mr. Ye Daxin, our deputy general manager, being the brother of the spouse of Mr. Li Yao, the other senior management members are independent of our Controlling Shareholders;

(c) we have three independent non-executive Directors, representing more than one-third of the Board. The independent non-executive Directors will represent an element of independence at the board level, and certain matters of our Company must always be referred to the independent non-executive Directors for review, to protect the interests of our Company and our Shareholders as a whole;

(d) although during the Track Record Period, we have engaged in connected transactions with our connected persons (in particular, Jiangxi Taiyun and Wanzai Zhicheng, both being an associate of Jiangxi Dongliang). See "Connected Transactions". We have independent access to suppliers, customers and service providers, and an independent management team to handle our day-to-day operation and have established internal control measures for the purpose of these connected transactions;

(e) in the event that there is a material conflict of interest arising out of any transaction to be entered into between our Group and a Director or his or her respective associates, the interested Director shall abstain from voting and shall not be counted in the quorum in respect of such transactions; and

(f) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would enhance our independent management, as detailed in the sub-section headed "— Corporate governance measures."

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role from our Group independently from our Controlling Shareholders.

Operational independence

Our Group is operationally independent from our Controlling Shareholders. Our Company (through our subsidiaries) holds all relevant licenses necessary to carry out our business operation. We own or are legally licensed to use all relevant intellectual properties and own 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 independent access to our customers and independent departments, each with specific areas of responsibilities. We have adopted a set of internal control procedures to maintain effective and independent operation of our business.

In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and other committees, and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure.

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

Financial independence

Our financial system and financial operations are independent from our Controlling Shareholders. Our Group makes financial decisions according to our own business needs and our Group's financial operations are handled by our finance team, without sharing any financial management functions or resources with our Controlling Shareholders.

During the Track Record Period, our Controlling Shareholders and their respective associates have provided personal guarantees for certain of our bank loans and other borrowings. As of December 31, 2025, the outstanding debts underlying the bank loans and other borrowings (the "**Guaranteed Loans**") guaranteed by our Controlling Shareholders (the "**Controlling Shareholders' Guarantees**") amounted to RMB928.3 million. Save for the above, there were no outstanding loans or guarantees or other financial assistance provided by, or granted to, each of our Controlling Shareholders or their respective associates or any of our related parties as of December 31, 2025.

Our Directors are of the view that premature discharge of all outstanding Controlling Shareholders' Guarantees before the [**REDACTED**] would be impractical and unduly onerous to the Group and would not be in the best interests of the Group and our Shareholders, considering that the early discharge of the Controlling Shareholders' Guarantees would require renegotiation of the terms with the relevant banks, and the renegotiation would be time-consuming and may affect our normal operation.

Notwithstanding the above, our Directors are of the view that we are financially independent of our Controlling Shareholders and/or their close associates for the following reasons:

(1) we have a strong track record of obtaining financing independently. As of December 31, 2025, our outstanding bank borrowings and other borrowings without any security or guarantee from our Controlling Shareholders or their respective close associates amounted to approximately RMB573.8 million. While the Guaranteed Loans guaranteed by our Controlling Shareholders amounted to RMB928.3 million as of December 31, 2025, (i) the relevant banks in relation to a total of RMB432.2 million of the Guaranteed Loans expiring between July 2026 and February 2029 have agreed to release the Controlling Shareholders' Guarantee upon the [**REDACTED**], either under existing arrangements or upon renewal of the relevant bank loans, (ii) the relevant banks providing the principal sum of RMB28.0 million of the Guaranteed Loans are going through their internal approval procedures for similar arrangement of Controlling Shareholders' Guarantee, and (iii) the relevant loan agreements in relation to RMB175.2 million of the Guaranteed Loans will not be renewed upon their expiry dates ranging from May 2026 to February 2028.

    As of April 30, 2026, the Group had unutilized banking facilities of approximately RMB914.1 million, of which approximately RMB256.0 million were subject to Controlling Shareholders' Guarantees and approximately RMB658.1 million were either not subject to any such guarantees or such guarantees were expected to be released upon [**REDACTED**].

    Furthermore, we have received an indicative credit approval notice from a commercial bank, agreeing to grant us an indicative credit line of RMB250.0 million on terms comparable to the Guaranteed Loans and without requiring a guarantee from Controlling Shareholders;

(2) we have continuously been able to conduct fundraising activities in addition to obtaining bank facilities. Since 2021, the Company has raised an aggregated amount of approximately RMB1,508.6 million. For details of our [**REDACTED**] Investments, see "History and Corporate Structure — [**REDACTED**] Investments;" and

(3) after [**REDACTED**], we expect to carry out further fundraising activities depending on, among other things, market conditions, our business needs and our financial conditions subject to compliance with applicable regulatory requirements. In view of the foregoing, and having considered our proven track record of obtaining financing independently and business relationships with financial institutions, we believe that after [**REDACTED**], we will be capable of obtaining financing on comparable terms to existing loans obtained by our Group from financial institutions in the PRC without requiring guarantees by our Controlling Shareholders.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(a) under the Articles, where a Shareholders' meeting is held to consider proposed transactions in which our Controlling Shareholders or any of their associates are, under the Listing Rules, required to abstain, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted in respect of such transactions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholder(s) or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules, including but not limited to the requirement of announcement, circular and independent Shareholders' approval;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders 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, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and annual reports or by way of announcements as required by the Listing Rules;

(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 expense;

(g) we have appointed Altus Capital Limited as our compliance adviser 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, including but not limited to the requirement of director's duties and internal control; and

(h) we have established our audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

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