
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Yang, Ms. Li (who is Mr. Yang’s spouse), Jurun Investment, Kaixuan Star and Kailai Star will directly own approximately [REDACTED]%, [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% of the total issued share capital of our Company. As of the Latest Practicable Date, (i) Jurun Investment was owned as to 90% by Mr. Yang and 10% by Ms. Li; (ii) Kaixuan Star was owned as to approximately 1.39% by Mr. Yang and approximately 5.56% by Ms. Li, and Mr. Yang was the general partner of Kaixuan Star; and (iii) Kailai Star was held as to approximately 1.00% by Mr. Yang as general partner, approximately 41.67% by Liuliu Star and approximately 12.50% by Liuliu LIUM. Liuliu Star was held as to approximately 14.90% by Mr. Yang as general partner, approximately 36.00% by Liuliu Orchard and approximately 15.00% by Liuliu Ren. Mr. Yang, as general partner, held approximately 24.67% of Liuliu LIUM, 23.33% of Liuliu Orchard, and 12.67% of Liuliu Ren. Accordingly, Mr. Yang, Ms. Li, Jurun Investment, Kaixuan Star, Kailai Star and Liuliu Star are a group of Controlling Shareholders upon the [REDACTED]. See “History, Development and Corporate Structure” and “Substantial Shareholders”.

BIOGRAPHIES OF MR. YANG AND MS. LI

For biography of Mr. Yang, see “Directors, Supervisors and Senior Management — Board of Directors — Executive Directors”.

Ms. Li, the spouse of Mr. Yang, has been actively involved in the general management and financial affairs of the Company since its establishment in 2009. She previously served as the manager of Anhui Liuliumei. In July 2014, she obtained a diploma in accounting from Anhui Normal University* (安徽師範大學), and in May 2017, she was awarded a Board Secretary Qualification Certificate by the Shanghai Stock Exchange. In preparation for the [REDACTED], the Board resolved to reconstitute its composition with a view to enhancing corporate governance, strengthening the Board’s collective skill set and diversity of backgrounds and experience, and supporting the Company’s strategic development in its next phase of growth. Accordingly, as agreed among the Shareholders, Ms. Li resigned from her position as a director of the Company on January 15, 2025.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Management independence

Our daily operational and management decisions are made by our Board and our senior management. Our Board consists of nine Directors, namely five executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Yang is an executive Director and the chairman of the Board.

Our Directors consider that we are capable of maintaining management independence for the following reasons:

- (a) 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 a Director and his/her personal interests;
- (b) our daily management and operations are carried out independently by our executive Directors and 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. See “Directors, Supervisors and Senior Management”;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) we have three independent non-executive Directors, who are not associated with our Controlling Shareholders or any of their associates and, individually or collectively, possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company and protect the interests of our Company and our Shareholders as a whole;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested; and
- (e) we will establish corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “— Corporate Governance Measures”.

Operational independence

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. We have independent access to suppliers and customers, and we also possess all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our business.

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

Financial independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have independent internal control and accounting systems and an independent finance department in charge of our treasury function. As of the Latest Practicable Date, there were no outstanding loans, or advances and balances of a non-trade nature due to or from our Controlling Shareholders.

Mr. Yang and his spouse, Ms. Li, being our Controlling Shareholders, had been providing guarantees (the “**CS Guarantees**”) as security for certain of our Group’s banks loans (collectively, the “**Guaranteed Loans**”). To the best knowledge of our Directors, it is a common market practice in the PRC for banks to require personal guarantees from the de facto controllers of private enterprises before extending loans or facilities. As of April 30, 2026, we had a total outstanding Guaranteed Loans with principal amount of approximately RMB224.0 million, which we had obtained bank consents (“**Release Consents**”) to release all the CS Guarantees and replace them with other security or guarantee to be provided by the Group upon [REDACTED].

We are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. From January 1, 2026, to April 30, 2026, we secured loans without any guarantees from Controlling Shareholders or their respective associates or obtained consents for release of such guarantees from Controlling Shareholders, on comparable terms, including interest and repayment schedules, with an aggregate outstanding principal amount of RMB61.0 million. Moreover, we have consistently pursued alternative fundraising and received a series of Pre-[REDACTED] Investments, including our Series D Pre-[REDACTED] Investments of RMB75 million.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Following the [REDACTED], we expect to pursue further fundraising activities in both onshore and offshore markets to the extent as our Directors consider necessary and, depending on factors such as market conditions, business needs, and financial position, while ensuring compliance with applicable regulatory requirements. Given our proven ability to secure independent financing and our established relationships with financial institutions, we believe that after the [REDACTED], we will continue obtaining financing on terms comparable to our existing loans without requiring guarantees from our Controlling Shareholders or their close associates.

Taking into consideration (i) the expected release of all CS Guarantees upon [REDACTED]; (ii) our Group’s demonstrated ability to obtain independent financing on comparable commercial terms; and (iii) we have sufficient cash or cash equivalents as buffer relative to the unreleased portion of the CS Guarantees (if any), our Directors are of the view that we are financially independent from our Controlling Shareholders or their close associates. We will not rely on our Controlling Shareholders or their close associates for financing upon [REDACTED] and have sufficient access to independent financing to meet our financial needs.

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, it/he/she 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.

CORPORATE GOVERNANCE MEASURES

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:

- (a) where a Shareholders’ meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in the annual reports or by way of announcements;
- (d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;
- (e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules; and

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (f) we have appointed Guoyuan Capital (Hong Kong) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that the above corporate governance measures are sufficient to manage the potential conflicts of interest between our Group and our Controlling Shareholders and/or other Directors to protect minority Shareholders’ rights after [REDACTED].