

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

SINGLE LARGEST SHAREHOLDERS

To formalize their cooperation as Shareholders in achieving the shared goals and objective of our Group, on May 16, 2023, Mr. Yang, Chelian Yijia, Chelian Zhijia, Beijing Cherongtong, Mr. Qin Lihong (秦力洪), Mr. Chen Mingche (陳明車), Lited Group, Mr. Qin Zhi (秦致), Wenzhou Xunsheng, Shenzhen Dezaihou, Mr. Wu Bin (吳斌), Guangdong Dezaihou and one then Shareholder who has ceased to be Shareholder as of the Latest Practicable Date entered into the Acting in Concert Agreement, pursuant to which each of them has confirmed and agreed that, since they became shareholders of the Company, they have acted and will continue to act in concert when exercising their shareholder rights as Shareholders of the Company or their voting power as a member of the Board (as the case may be) until one year after the Listing. In November, 2025, Mr. Qin Zhi transferred all his 250,000 Shares in the Company to Zhicheng Automotive, a company wholly owned by Mr. Qin Zhi. Therefore, Mr. Yang, Chelian Yijia, Chelian Zhijia, Beijing Cherongtong, Mr. Qin Lihong (秦力洪), Mr. Chen Mingche (陳明車), Lited Group, Mr. Qin Zhi (秦致), Zhicheng Automotive, Wenzhou Xunsheng, Shenzhen Dezaihou, Mr. Wu Bin (吳斌) and Guangdong Dezaihou will constitute our Single Largest Group of Shareholders.

As at the Latest Practicable Date, the Single Largest Group of Shareholders were collectively interested in approximately [30.76]% of the Shares, and will hold approximately [REDACTED]% of the Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the Pre-[REDACTED] Share Option Scheme) and will collectively be entitled to exercise the voting rights of approximately [REDACTED]% of the total issued share capital of our Company (assuming that the [REDACTED] is fully exercised and no Shares are issued under the Pre-[REDACTED] Share Option Scheme). Therefore, upon Listing, the Single Largest Group of Shareholders will remain as our Single Largest Group of Shareholders and our Company will not have any controlling shareholders as defined under the Listing Rules. For details of the Single Largest Group of Shareholders and their shareholding in our Company, see “History, Development and Corporate Structure” and “Substantial Shareholders”.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and their close associates after the Listing, taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise as set out in “Directors and Senior Management.” Save for Mr. Yang, who is a member of our Single Largest Group of Shareholders and the chairman of our Board, an executive Director, the general manager and the chief executive officer of our Company, none of our Directors or members of the senior management is a member of our Single Largest Group of Shareholders or holds any directorship or executive position in our Single Largest Shareholder Group or their close associates.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are able to carry on our business independently from the Single Largest Group of Shareholders 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 forming over one-third of the Board, and certain matters of our Company must always be referred to the independent non-executive Directors for review and approval as required by the Listing Rules and other applicable laws, rules and regulations; and
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. See "—Corporate Governance" for details.

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 the Single Largest Group of Shareholders and their respective close associates after the Listing.

Operational Independence

We do not rely on the Single Largest Group of Shareholders and their respective close associates for [our business development, research and development, sales and marketing, financing, logistics, administration, human resources, legal and compliance, internal audit, information technology 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 the Single Largest Group of Shareholders and their respective 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 from our Single Largest Group of Shareholders and their respective close associates after Listing.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Financial Independence

During the Track Record Period, Mr. Yang and his spouse provided guarantees over certain bank loans (the "Founder's Guarantees") and for the benefit of our Group which applied in our ordinary course of business. The Founder's Guarantees are on normal commercial terms and are not secured by any assets of the Group, therefore are fully exempted connected transactions in accordance with Rule 14A.90 of the Listing Rules. As of the Latest Practicable Date, we had an aggregate of approximately RMB1,420 million loans had been covered by Founder's Guarantees, of which approximately RMB1,010 million had been drawn down. These drawn down loans will remain guaranteed by Mr. Yang and his spouse prior to the Listing (the "Founder's Guaranteed Loans"), of which the maturity date of the latest Founder's Guaranteed Loan is in December 2027. The undrawn portion of such loan facilities is expected to be released from the Founder's guarantee upon Listing. The Company is in negotiation with those independent third-party commercial banks for the full release of the Founder's Guarantees upon the Listing. Further to such negotiation, all those lenders agreed to and/or were willing to initiate their internal procedures in respect of issuance of consent letters to fully release the Founder's Guarantees, subject to their respective internal approval procedures.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on the Single Largest Group of Shareholders or their respective close associates after the Listing.

INTERESTS OF THE SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Each of the Single Largest Group of Shareholders has confirmed that as of the Latest Practicable Date, it/he/she 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.

CORPORATE GOVERNANCE

Upon Listing, our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders and their respective associates:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Single Largest Group of Shareholders or any of their respective associates has a material interest, the Single Largest Group of Shareholders 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 Listing. 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 the Listing, if our Company enters into connected transactions with the Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- (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 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 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, such as financial advisors and legal advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (f) we have appointed Somerley Capital 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 Group and the Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the Listing.