
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) approximately 21.96% by Worang Zhonghe, which was controlled by Mr. Zhang, (ii) approximately 15.92% by Worang Zhongchuang, which was controlled by its general partner Juwuxian, a company wholly owned by Mr. Zhang, and (iii) approximately 3.42% by Guyuan Investment, which was controlled by Juwuxian as its general partner and ultimately controlled by Mr. Zhang. The general partner of each of Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3, which are limited partners of Worang Zhongchuang, is also Juwuxian. Therefore, Mr. Zhang was entitled to exercise a total of approximately 41.30% of the voting power at general meetings of our Company. See “History, Development and Corporate Structure—Our Shareholding and Corporate Structure” for the corporate structure of the Group.

Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhang will be entitled to exercise a total of [REDACTED]% of the voting power at general meetings of our Company. Upon [REDACTED] Mr. Zhang, Worang Zhonghe, Worang Zhongchuang, Guyuan Investment, Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3 and Juwuxian will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of the Controlling Shareholders confirms that he/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Upon [REDACTED] our Board will comprise 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 and have substantial and extensive relevant industry experience and expertise as set out in “Directors and Senior Management.”

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

- (i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

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- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (iv) other than Mr. Zhang, none of the other Directors hold any directorship or position in our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and
- (v) we have appointed three independent non-executive Directors, comprising one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Group is capable of managing our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

During the Track Record Period, certain of our Group’s bank and other borrowings (the “**Guaranteed Loans**”) were guaranteed by Mr. Zhang. As of December 31, 2025, the aggregate outstanding principal amount of the Guaranteed Loans is RMB40 million. Part of the Guaranteed Loans will be repaid, and the guarantee provided by Mr. Zhang for the remaining Guaranteed Loans will be terminated before [REDACTED].

Save for the above, as of the Latest Practicable Date, there were no outstanding loans, guarantees or other financial assistance provided to our Group by any of the Controlling Shareholders and/or their close associates.

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Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

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

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (i) where a transaction or arrangement of our Company is subject to Shareholders’ approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;
- (ii) 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 abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;
- (iv) 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 possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see “Directors and Senior Management” in this document;
- (v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (vi) we have appointed Maxa Capital Limited as our compliance advisor, who 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 sufficient corporate governance measures have been put in place to manage any conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].