OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Jinan Huanneng held approximately 78.4% of our issued Shares, and Jinan Huanneng is in turn held as to 51.0% by Mr. Zhang Fuquan, 24.5% by Mr. Zhang Guanzhou and 24.5% by Mr. Yang. Mr. Zhang Fuquan and Mr. Zhang Guanzhou are the founders, executive Directors, and controlling shareholders of our Company. As Mr. Zhang Fuquan, Mr. Zhang Guanzhou and Mr. Yang collectively control approximately 78.4% of our issued capital through Jinan Huanneng, accordingly, Mr. Zhang Fuquan, Mr. Zhang Guanzhou, Mr. Yang and Jinan Huanneng constitute a group of Controlling Shareholders.

Immediately following the completion of the **[REDACTED]**, and assuming that the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**, our Controlling Shareholders will hold in aggregate approximately **[REDACTED]** of the issued share capital of our Company.

For biographical details of Mr. Zhang Fuquan and Mr. Zhang Guanzhou, please refer to the paragraph headed "Directors and Senior Management – Executive Directors" in this document.

COMPETITION

As at the Latest Practicable Date, each member of our Controlling Shareholders confirmed that they did not have any interest in any business, other than our Company, which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that our Group is capable of independently carrying on our business from, and does not place undue reliance on our Controlling Shareholders upon the **[REDACTED]**:

Management independence

Our business is managed and conducted by our Board and the members of senior management of our Company. Our Board comprises five executive Directors and three independent non-executive Directors. Our Directors and members of senior management possess relevant management and/or industry-related experience to act as Directors or senior management of our Company. For further details of our Directors and senior management, please refer to "Directors and Senior Management" in this document.

Although Mr. Zhang Fuquan, who is our Controlling Shareholder, also serves as chairman of our Board and executive Director, and Mr. Zhang Guanzhou, who is also our Controlling Shareholder, also serves as vice chairman of our Board and executive Director, our Directors are of the view that our Board and senior management are able to manage our business independently from the Controlling Shareholders and his/her close associates for the following reasons:

(a) our daily operational and management activities are made collectively by our executive Directors and our management team;

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

(c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors and/or their respective 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. Further, our Articles of Association provide that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting, For details, please refer to "Summary of the Articles of Association" in Appendix V to this document;

(d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to "Corporate Governance Measures" in this section below for details; and

(e) we have three independent non-executive Directors, comprising not less than one-third of our Board and certain matters of our Company must always be referred to our independent non-executive Directors for review. Our independent non-executive Directors have diversified skills and experience in their respective fields of expertise to advise on the conflicted transactions and business decisions. For details of their biographical background, please refer to "Directors and Senior Management".

Based on the above, our Directors are of the view that our Board and senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders.

Operational independence

We believe that we can operate independently from our Controlling Shareholders due to the following reasons:

(a) all material licenses and permits required for our business operations (i.e. business license) in the PRC are held by our Group and such business license had remained in full effect. In addition, as at 31 December 2025, our Company owned 165 registered patents in the PRC which are necessary for our business operation;

(b) we have sufficient capital, operations, assets, facilities and employees to operate and function our business independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders for access to customers and suppliers as we have independent access to our customers and suppliers. Our customers and suppliers bases are unrelated to our Controlling Shareholders and/or his/her respective close associates. Our employees are independent from, and none of them are remunerated by, our Controlling Shareholders and his/her respective associates;

(c) we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations in order to maintain effective and independent operation; and

(d) we have established our own organisational structure comprising various departments with independent functions, and we have sufficient capital and employees to operate our business independently from our Controlling Shareholders.

Based on the above, our Directors consider that we are able to operate independently of our Controlling Shareholders and his/her respective close associates.

Financial independence

We have an independent financial system and make financial decisions according to our business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on our Controlling Shareholders or his/her close associates for financing after the **[REDACTED]** as we expect that our working capital will be funded by cash flows generated from operating activities as well as **[REDACTED]** from the **[REDACTED]**.

Some of our Company's borrowings, which amounted to approximately RMB[49.8] million, RMB[50.5] million and RMB[69.8] million in aggregate as at 31 December 2023, 2024 and 2025, respectively, were jointly and severally guaranteed by Mr. Zhang Fuquan, our executive Director, and Ms. Liu Xiuying (劉秀英), spouse of Mr. Zhang Fuquan, through personal guarantees (the "**Personal Guarantees**"). For details, please refer to note [32] to the Accountants' Report in Appendix I to this document.

Of the Personal Guarantees, an amount of approximately RMB63.8 million had yet to be released as at 30 April 2026, being the indebtedness statement date. As at the Latest Practicable Date, we had not obtained consent from the lending banks to release the Personal Guarantees. In the event that we cannot obtain consent from the lending banks to release the Personal Guarantees, or cannot obtain other banking facilities without guarantees to replace the guaranteed loans prior to the **[REDACTED]**, we may fully settle the entire outstanding guaranteed loan amount prior to the **[REDACTED]** using our cash and cash equivalents. As at 31 December 2025, our Group's cash and cash equivalents amounted to approximately RMB94.2 million, which is sufficient to cover the entire outstanding balance under these bank borrowings secured by the Personal Guarantees.

Based on the above, our Directors are of the view that our Board and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and his/her 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, which sets out principle of good corporate governance.

With a view to managing any potential conflict of interests arising between our Group and our Controlling Shareholders as well as safeguarding the interests of our independent Shareholders, we will adopt the following measures:

(a) in the event that the proposal of connected transactions between our Group and other business or entity in which any Director or his/her respective associates had any interest is submitted to our Board for consideration, such interested Director shall not be counted in the quorum of the meeting, and shall abstain from voting on such matters. In such event, the other non-interested Directors, with the assistance of our senior management, will be responsible for making decisions for our Board. If necessary, our Company will engage external professionals such as auditors, valuers and other advisers to give advice;

(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 of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the independent non-executive Directors and shall not be present during the discussion of the relevant resolution in which the conflict of interest may arise and shall abstain from voting on such proposed resolution;

(c) our Company has engaged Eddid Capital Limited as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations. In particular, 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;

(d) the independent non-executive Directors may engage an independent professional advisers in appropriate circumstances at the costs of our Company; and

(e) our Directors are obliged under the Articles of Association to declare to our Board any potential conflict of interest with our Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting. Our Board (including the independent non-executive Directors) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to our Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company.

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 our Controlling Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.