OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Yankuang Energy held 45.00% of the total issued Shares and on top of the voting rights attached to such Shares, Yankuang Energy was also entitled to exercise 3.01% of the voting rights entrusted by Fujian Dongchuang, and hence was entitled to exercise 48.01% of the voting rights in our Company. As of the Latest Practicable Date and to the best of our knowledge, Yankuang Energy was directly owned as to approximately 43.79% by Shandong Energy and was also owned as to approximately 9.05% by Yankuang Hong Kong, a wholly owned subsidiary of Shandong Energy. Accordingly, Shandong Energy directly and indirectly owned as to a total of approximately 52.84% shares of Yankuang Energy as of the Latest Practicable Date. Shandong Energy was in turn ultimately owned by the Shandong SASAC and the Shandong Province Finance Bureau (山東省財政廳).

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Yankuang Energy will be entitled to exercise approximately [**REDACTED**] voting right in our Company, and no other Shareholder is expected to exercise 30% or more of the voting rights in our Company. Therefore, Shandong Energy, Yankuang Hong Kong and Yankuang Energy will be deemed as our Controlling Shareholders upon [**REDACTED**].

Shandong Energy is principally engaged in mining, high-end chemicals, electricity, high-end equipment manufacturing, new energy and materials, modern trade and logistics. Yankuang Energy is a joint stock limited company incorporated in the PRC with its H shares listed on the Main Board of the Stock Exchange (stock code: 1171.HK) and its A shares listed on the Shanghai Stock Exchange (stock code: 600188.SH). According to the 2025 annual report of Yankuang Energy, as of December 31, 2025, Shandong Energy held controlling stakes in certain listed companies, including approximately 52.74% of Shandong Fiberglass Group Co., Ltd. (山東玻纖集團股份有限公司) (stock code: 605006.SH); approximately 53.18% of Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司) (stock code: 002408.SZ); approximately 37.86% of WindSun Science Technology Co., Ltd. (新風光電子科技股份有限公司) (stock code: 688663.SH); approximately 36.31% of Zhongtai SECURITIES Co., Ltd. (中泰證券股份有限公司) (stock code: 600918.SH); approximately 35.20% of Yunding Technology Co., Ltd. (雲鼎科技股份有限公司) (stock code: 000409.SZ).

Yankuang Energy is principally engaged in mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and intelligent logistics. According to the 2025 annual report of Yankuang Energy, as of December 31, 2025, Yankuang Energy held controlling stakes in two listed companies, including approximately 62.26% of Yancoal Australia Ltd (兗煤澳大利亞有限公司) (stock code: 03668.HK and YAL.ASX) and approximately 52.66% of SMT Scharf AG, a company listed on the Frankfurt Stock Exchange and the M:access segment of the Munich Stock Exchange (stock code: S188).

Yankuang Hong Kong is a limited company incorporated in Hong Kong and is principally engaged in investment management.

DELINEATION OF BUSINESS

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclose under Rules 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 out our business independently of our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [**REDACTED**], our Board will consist of three executive Directors, three non-executive Director and three independent non-executive Directors. See "Directors and Senior Management" for more details of our Directors.

None of the executive Director and senior management members of our Company holds or is expected to hold any position in our Controlling Shareholders upon [**REDACTED**].

In addition, our Directors consider that our Board and senior management will function independently of members of our Controlling Shareholders and their respective close associates for the following reasons:

- each Director will be given sufficient training for their responsibilities as directors of a company [**REDACTED**] on the Stock Exchange, including their fiduciary duties to act honestly and in good faith in the interests of the Company and its shareholders as a whole and to avoid actual and potential conflict of interests and duty;

- 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 the Articles of Association and/or the Listing Rules;

- 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 and abstain from voting. We believe our Directors have the requisite qualifications, integrity and experience to maintain an effective Board and observe their fiduciary duties in an event of conflict of interests. Please refer to the section headed "Directors and Senior Management — Directors" in this document for the relevant experience and qualifications of our Directors;

- the day-to-day management and operations of our Group will be dealt with by, among others, our executive Directors and other members of the senior management, who have been serving our Group for a long time and/or are familiar with the businesses of our Group. Their management functions will ensure that our Group's management and daily operations are independent of the Controlling Shareholders. While our non-executive Directors (including Mr. Zhao Zhiguo, Mr. Feng Hao and Mr. Ren Mingqiang) hold various positions at Shandong Energy, Yankuang Energy or their subsidiaries, our non-executive Directors do not involve in our daily operation and are outside the circle of our senior management.

- 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 promote the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company upon [**REDACTED**], our Directors consider that we are able to make decisions on, and to carry out, the business operations of our Company independently for the following reasons:

- we hold and enjoy the benefit of all relevant qualifications and licenses necessary to operate our business;

- we have a sufficient level of operations, assets, facilities, technologies and employees including research and development employees to support our own [**REDACTED**] status and to operate and function independently from our Controlling Shareholders;

- 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;

- we have our own financial department, human resources and administration department and audit department. These departments are led and supervised by our own senior management team. Our senior management report to the Board and make decisions and form business plan and strategies independently from our Controlling Shareholders. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and

- we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operation. See the corporate governance measures stipulated under "— Management Independence" and "— Corporate Governance Measures" in this section.

The section headed "Connected Transactions" in this document sets out the continuing connected transactions between our Group and members of our Controlling Shareholders and/or their respective associates which will continue after completion of the [**REDACTED**]. All such transactions are determined after arm's length negotiations and on normal commercial terms.

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

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Group).

Our Group is capable of obtaining financing without relying on our Controlling Shareholders. While there is an outstanding one-year term loan provided by Shandong Energy Group Finance Co., Ltd. (山東能源集團財務有限公司), a subsidiary of Yankuang Energy, to our Group with its principal amount being RMB500 million as at the Latest Practicable Date, such one-off term loan was made on normal commercial terms and is not significant as it accounted for merely approximately 3.91% of the total credit limit available to our Group as of the Latest Practicable Date. In other words, approximately 96.09% of the total credit limit available to our Group as of the Latest Practicable Date was obtained from independent third parties without relying on Shandong Energy or its close associates. As such one-off term loan is scheduled to be repaid in August 2026 and was made on normal commercial terms, our Group would not seek for its early repayment.

Save as disclosed above, as of the Latest Practicable Date, there were no outstanding loans, advances or borrowings due to our Controlling Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Group).

DEED OF NON-COMPETITION

Each of Shandong Energy, Yankuang Energy and Yankuang Hong Kong (each a "**Covenantor**") has provided a deed of non-competition in favor of our Company on June 27, 2026 (the "**Deed of Non-competition**"), pursuant to which, for so long as it remains as a Controlling Shareholder, each Covenantor undertakes that:

(i) it shall not, and shall procure that none of its subsidiaries (excluding our Group) and close associates (excluding our Group) shall, directly or indirectly, in any form participate in, engage in or operate any business which competes or may compete with, or is the same as or similar to, the businesses carried on by our Group from time to time, or hold any interest or benefit in any company or business which competes or may compete with such businesses of our Group. It shall also not, whether domestically or internationally, engage in any business which is the same as or similar to such businesses of our Group through investment, acquisition, joint venture, merger, entrusted operation or otherwise;

(ii) if it, its subsidiaries or close associates identify or obtain any business opportunity which competes or may compete with the businesses of our Group from time to time, it shall, and shall procure its subsidiaries and close associates to, use their best endeavours to refer such business opportunity to our Group. It shall, within 20 business days after such competing business opportunity arises, give written notice to our Company and provide relevant details of such opportunity, including its nature, investment or acquisition costs and other information reasonably necessary for our Company to consider whether to accept such opportunity. Upon receipt of such written notice, a board committee comprising independent non-executive Directors who do not have any interest in the relevant competing business opportunity will decide, on behalf of our Company, whether to accept or decline such opportunity. Any Director who has an actual or potential interest in the relevant competing business opportunity shall abstain from attending the relevant meeting, unless requested by such board committee, and shall abstain from voting and shall not be counted towards the quorum. In considering whether to accept the referred competing business opportunity, such board committee will take into account, among other things, the financial impact of accepting such opportunity, whether the nature of such opportunity is consistent with the strategies and development plans of our Group and the macro market conditions of the businesses of our Group. Where considered appropriate, such board committee may engage independent financial advisers and legal advisers to assist in the decision-making process. Such board committee shall notify the relevant Covenantor in writing of its decision to accept or decline the competing business opportunity within 20 business days after receipt of the relevant written notice. If such board committee declines the competing business opportunity, or fails to respond within such 20-business-day period, the relevant Covenantor shall be entitled, but not obliged, to accept such opportunity. If there is any material change in the nature, terms or conditions of any competing business opportunity accepted by such Covenantor, it shall refer the revised opportunity to our Company as if it were a new competing business opportunity; and

(iii) it shall, and shall procure its subsidiaries and close associates to, (a) provide annual confirmations on their compliance with the Deed of Non-competition; (b) use their best endeavours to provide information required by our independent non-executive Directors for reviewing compliance with the Deed of Non-competition; (c) make annual declarations in our Company's annual reports on compliance with the Deed of Non-competition in accordance with the principles of disclosure in corporate governance reports; and (d) disclose to the public, through annual reports or by way of announcements in accordance with the Listing Rules, the review results and relevant decisions of our independent non-executive Directors on the compliance with and enforcement of the Deed of Non-competition, including the reasons for whether to pursue any referred competing business opportunity.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest arising from potential competition, if any, between our Group and our Controlling Shareholders:

- our independent non-executive Directors will review the compliance with and implementation of the Deed of Non-competition by our Controlling Shareholders, and our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis;

- our 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;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- 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 as set out in Appendix C1 to the Listing Rules;

- 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;

- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;

- in the event of any potential conflict of interests at the shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions;

- in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the 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 its annual report or by way of announcements to the public; and

- we have appointed Rainbow Capital (HK) 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 our Controlling Shareholders and their respective associates, and to protect minority Shareholders' interests after the [**REDACTED**].