
RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

THE SINGLE LARGEST SHAREHOLDER

Immediately prior to the [REDACTED], Mr. Chen, the Chairman of our Group, held 53,139,426 shares of the Company, representing approximately 5.11% of the total issued shares of the Company, and therefore constituted the single largest shareholder of the Group (the “**Single Largest Shareholder**”). Immediately following the completion the [REDACTED], the Single Largest Shareholder will be entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) and thus remain as the Single Largest Shareholder.

THE AIC TERMINATION

On March 21, 2019, Mr. Chen Diqing (“**Mr. Chen**”) and Mr. Fan Jianzhen (“**Mr. Fan**”) entered into the AIC Agreement, pursuant to which, among others, Mr. Chen and Mr. Fan agreed to consult and act in concert in respect of shareholders’ resolutions and, in the event of disagreement, Mr. Fan’s voting should be bound to align with Mr. Chen’s view. The AIC Agreement was terminated in August 2025, resulting in a formal adjustment in the identification of the Single Largest Shareholder from the AIC Parties as a group to Mr. Chen in his own capacity without any change in the actual dynamics between Mr. Chen and the Core Management Team.

Notwithstanding the AIC Termination, the Directors were of the view that, as concurred by the Sole Sponsor, the Company satisfied the ownership and control requirements under Rule 8.05 of the Listing Rules, for the following reasons, among others:

- There has been no material change in our underlying ownership influence or control structure since January 1, 2024, with Mr. Chen has been remaining as the individual Single Largest Shareholder both before and after the AIC Termination. The AIC Termination resulted only in a formal adjustment in the identification of the Single Largest Shareholder — from the AIC Parties as a group to Mr. Chen in his own capacity — without any substantive change to our ownership or control structure. The AIC Agreement mainly functioned as voting alignment mechanism following Mr. Fan’s cessation of involvement in the business operations and daily management, rather than an arrangement establishing joint control of our Group. For details, see “History, Development and Corporate Structure — The Acting in Concert Agreement”; and
- We have maintained a stable Core Management Team and consistent operational leadership under Mr. Chen throughout the Track Record Period. The Core Management Team comprises professionals with complementary expertise who have remained in their key positions throughout the Track Record Period. Each member has clear functional responsibilities and has continued to perform their duties under the leadership of Mr. Chen. This long-term stability has ensured the effective implementation of strategic plans, the continuity of business decisions and the consistent execution of major projects. The AIC Termination did not result in any change to the reporting lines, responsibilities, work allocations, the decision-making mechanisms between Mr. Chen and the Core Management Team. Instead, our management and operational framework have remained intact and effective, with no material change to any Directors or senior management members before or after the AIC Termination. For details of the background of the Core Management Team, see “Directors and Senior Management”.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

INDEPENDENCE FROM THE SINGLE LARGEST SHAREHOLDER

Our Directors consider that we are capable of carrying on our business independently from the Single Largest Shareholder and his close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

We are able to carry on our business independently from the Single Largest Shareholder from a management perspective. Our Board consists of nine Directors, including five executive Directors and four Independent Non-executive Directors. Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding Mr. Chen’s role in our Board, our Directors are of the view that our Company is able to function independently from the Single Largest Shareholder for the following reasons:

- (a) save for Mr. Chen, all the other executive Directors and other members of the senior management are our full-time employees and are independent from the Single Largest Shareholder and his close associates;
- (b) our daily management and operations are carried out by our 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. For details of the industry experience of our senior management team, please refer to the section headed “Directors and Senior Management” in this Document;
- (c) 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;
- (d) we have four Independent Non-executive Directors and certain matters of our Company must always be referred to the Independent Non-executive Directors for review;
- (e) 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; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and the Single Largest Shareholder which would support our independent management. For details, see “Corporate Governance” in this section.

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 Company independently from the Single Largest Shareholder and his close associates after the [REDACTED].

Operational Independence

We do not rely on the Single Largest Shareholder and his 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 the Single Largest Shareholder and his 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. We are 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.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

Based on the above, our Directors believe that we are able to operate independently of the Single Largest Shareholder and his close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company’s own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on the Single Largest Shareholder and his close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalent on hand and internally generated funds as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Single Largest Shareholder or his close associates. As of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to our Single Largest Shareholder or his close associates to facilitate our financings.

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 Shareholder and his close associates after the [REDACTED].

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules (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 would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and the Single Largest Shareholder:

- (a) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Single Largest Shareholder or any of his associates have a material interest, the Single Largest Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with the Single Largest Shareholder or any of his associates, our Company will comply with the applicable Listing Rules;
- (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 four 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 his independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the Independent Non-executive Directors, see “Directors and Senior Management”;

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- (f) we have appointed Guotai Junan Capital Limited as our Compliance Adviser 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 Company and the Single Largest Shareholder, and to protect minority Shareholders’ interests after the [REDACTED].

INTERESTS OF THE SINGLE LARGEST SHAREHOLDER IN OTHER BUSINESSES

The Single Largest Shareholder and the Directors confirm that, which is concurred by the Sole Sponsor based on the due diligence work performed, as of the Latest Practicable Date, he 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, which would require disclosure under Rule 8.10 of the Listing Rules.