

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Pursuant to the acting in concert agreement dated February 6, 2026 (the “**Acting in Concert Agreement**”) entered into by Hangzhou Industrial Group and Zhejiang Lianyu (together, the “**Concert Parties**”) with a term of 72 months commencing from the date of execution the Concert Parties agreed, among other things, that (i) they have acted in concert since January 1, 2025 and will continue to act in concert and reach consensus on any proposal presented to the general meetings of the Shareholders and when voting at the general meetings of the Shareholders, while Zhejiang Lianyu shall follow Hangzhou Industrial Group’s vote in the event of any disagreement; and (ii) unless otherwise agreed by the Concert Parties, the Acting in Concert Agreement may, prior to its expiration, be terminated by Hangzhou Industrial Group by prior written notice to Zhejiang Lianyu, and shall be automatically renewed subject to the internal approvals of each of the Concert Parties and compliance with applicable laws and regulatory requirements. As of the Latest Practicable Date, the Concert Parties have confirmed their intention to renew the Acting in Concert Agreement upon its expiration.

As of the Latest Practicable Date, our Company was owned as to (i) 51% by Hangzhou Industrial Group, which was ultimately owned as to 90% by Hangzhou SASAC (a PRC Governmental Body as defined in Rule 19A.04 of the Listing Rules, which will not be considered as a “controlling shareholder” of a PRC issuer pursuant to Rule 19A.14 of the Listing Rules) and 10% by Zhejiang Caikai; (ii) 44.7% by Zhejiang Lianyu, which was owned as to approximately (a) 31.23% by Lianshi Partnership; (b) 29.27% by Lianwu Partnership; (c) 21.07% by Lianyi Partnership; (d) 12.53% by Lianer Partnership; and (e) 5.91% by Lianshan Partnership, each of which is a Shareholding Platform with Jingning Lianshang being the general partner. Jingning Lianshang was in turn owned as to (a) 50% by Mr. Lyu, our executive Director, (b) 25% by Mr. Wu Xiaowei (吳曉煒), our senior management, and (c) 25% by Mr. Lao Hongbo (勞洪波), our senior management. For details, see “History, Development and Corporate Structure — Our Shareholding and Corporate Structure” in this document. Pursuant to the articles of association of Hangzhou Industrial Group, all voting rights attached to Zhejiang Caikai’s 10% equity interests in Hangzhou Industrial Group are entrusted to Hangzhou SASAC, which exercises such voting rights on Zhejiang Caikai’s behalf at the general meetings of shareholders of Hangzhou Industrial Group.

By virtue of the Acting in Concert Agreement, Jingning Lianshang’s role as the general partner of each of Lianshi Partnership, Lianwu Partnership, Lianyi Partnership, Lianer Partnership and Lianshan Partnership, and the articles of association of Hangzhou Industrial Group, Hangzhou Industrial Group, Zhejiang Lianyu, Lianshi Partnership, Lianwu Partnership, Lianyi Partnership, Lianer Partnership, Lianshan Partnership, Jingning Lianshang and its shareholders, namely Mr. Lyu, Mr. Wu Xiaowei and Mr. Lao Hongbo, collectively controlled approximately 95.70% of the voting rights at the general meetings of our Company as of the Latest Practicable Date and will control approximately [REDACTED]% of the voting rights at general meetings of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Accordingly, Hangzhou Industrial Group, Zhejiang Lianyu, Lianshi Partnership, Lianwu Partnership, Lianyi Partnership, Lianer Partnership, Lianshan Partnership, Jingning Lianshang and its shareholders, namely Mr. Lyu, Mr. Wu Xiaowei and Mr. Lao Hongbo are considered as a group of Controlling Shareholders of our Company. For details of the shareholding of our Controlling Shareholders, see “History, Development and Corporate Structure”.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, they 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.

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INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Upon the [REDACTED], our Board will comprise nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. For details, see “Directors and Senior Management” in this document.

Our management and operational decisions are made by our Board and senior management collectively, most of whom have served our Group for a significant period of time and have substantial relevant industry experience and expertise. Other than (i) Mr. Lyu (member of our Controlling Shareholders Group, our executive Director and president), (ii) Mr. Wu Xiaowei (member of our Controlling Shareholders Group and our senior management), (iii) Mr. Lao Hongbo (member of our Controlling Shareholders Group and our senior management), (iv) Ms. Lu Min (our non-executive Director), (v) Dr. Fang Xu (our non-executive Director), and (vi) Mr. Zhang Yunchun (our non-executive Director), none of our Directors or members of the senior management is a member of our Controlling Shareholders Group or holds any directorships and/or other senior management roles in any companies owned or controlled by our Controlling Shareholders and their respective close associates except members of our Group.

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 daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our executive Directors and senior management, see “Directors and Senior Management” in this document;
- (iii) 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;
- (iv) 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
- (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.

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Based on the above, our Directors are satisfied that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after the [REDACTED], we have full rights to make all decisions on, and to carry out, our own business operations independently. 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 our 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 independently, 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 the [REDACTED].

Financial Independence

We are capable of operating independently of our Controlling Shareholders and their respective associates from a financial perspective. We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function, and an audit committee comprising solely of 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, our Controlling Shareholders provided guarantees (the “**Connected Guarantees**”) for our Group’s bank borrowings and credit facilities (the “**Guaranteed Borrowings and Credit Facilities**”) from various commercial banks and financial institutions. Notwithstanding that certain Connected Guarantees in respect of the Guaranteed Borrowings and Credit Facilities in an aggregate amount of approximately RMB500.3 million are not expected to be fully released upon the [REDACTED], we have, as of May 31, 2026, procured the release of Connected Guarantees relating to Guaranteed Borrowings and Credit Facilities in an aggregate amount of approximately RMB27,170 million before or upon the [REDACTED]. We have obtained letters from the corresponding lenders in respect of the aforesaid Guaranteed Borrowings and Credit Facilities, pursuant to which the lenders confirmed that the relevant Connected Guarantees will be released (i) upon execution of the relevant confirmation letters; or (ii) upon the repayment, at maturity, of the last outstanding guaranteed loan under certain Guaranteed Borrowings and Credit Facilities, which is expected to occur between February 2026 and June 2026.

We are of the view that the early release of all guarantees provided by our Controlling Shareholders prior to the [REDACTED] is not in the best commercial interests of our Company and our Shareholders as a whole, as our Group would need to go through the formalities for refinancing and incur unnecessary additional costs, expenses and time, and our Company has no intention to release all guarantees provided by our Controlling Shareholders prior to the [REDACTED]. See “Connected Transactions — Our Fully Exempt Continuing Connected Transactions” for further details of the Connected Guarantees.

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Notwithstanding the above, our Directors believe that our Group is capable of operating financially independent from our Controlling Shareholders and their close associates for the following reasons:

- (i) during the Track Record Period, we were able to secure financing from independent commercial banks and financial institutions without any guarantees provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, the aggregate amount of such borrowings and credit facilities obtained from independent financial institutions amounted to approximately RMB73,911 million, which substantially exceeded the aggregate amount of the Guaranteed Borrowings and Credit Facilities expected to remain outstanding upon [REDACTED] of approximately RMB500.3 million, thereby demonstrating market confidence in our Company’s own creditworthiness; and
- (ii) the Guaranteed Borrowings and Credit Facilities were on normal commercial terms without more favorable interest rate terms as compared with other financing obtained without the guarantee of our Controlling Shareholders, and the guarantees provided by our Controlling Shareholders were followed market practice as they are standard commercial credit enhancement requirements of certain commercial banks, we do not overly rely on our Controlling Shareholders in financing.

During the Track Record Period, we entered into a series of trade receivables transfer arrangements with Hangzhou Industrial Group (the “**Trade Receivables Transfer Arrangements**”), pursuant to which we transferred certain trade receivables arising in the ordinary course of our commodity trading business to Hangzhou Industrial Group and received the corresponding amounts in cash as consideration. The considerations under the Trade Receivables Transfer Arrangements were determined on an arm’s length basis at a discount to the carrying value of the relevant trade receivables, taking into account factors including their quality, expected recoverability and prevailing market rates. We entered into the Trade Receivables Transfer Arrangements to diversify our financing channels and optimize our financing structure. According to Frost & Sullivan, such arrangements are commonly adopted in the commodity trading industry as a financing tool to enhance working capital efficiency. We expect that the Trade Receivables Transfer Arrangements may continue to be entered into from time to time after the [REDACTED] in the ordinary course of business where commercially appropriate. Considering that the Trade Receivables Transfer Arrangements (i) have been and are expected to continue to be, entered into on normal commercial terms, and (ii) constitute only an ancillary financing channel for our Group and accounted for less than 2% of the aggregate amount of loans and borrowings obtained by our Group during each financial year and period of the Track Record Period, we do not consider that they give rise to any financial dependence on Hangzhou Industrial Group.

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

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 close associates:

- (i) 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 the [REDACTED]. In particular, our Articles of Association provides 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;

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- (ii) 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;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [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; and
- (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 that 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 — Directors — Independent Non-Executive Directors” in this document.

We have appointed Red Sun Capital Limited as our compliance advisor, which 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.