RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Qianhai Hailu and Mr. Xu directly hold 44.0605% and 4.8578% equity interest of our Company, respectively.

Qianhai Hailu is a limited liability company established in the PRC on April 18, 2017. The equity interest of Qianhai Hailu is owned and controlled as to 99.99% by Mr. Xu and 0.01% by Ms. Xu Fangchun (許芳春) ("**Ms. Xu FC**"), who is the sister of Mr. Xu.

As a result, Mr. Xu, directly and indirectly, through Qianhai Hailu, controls an aggregate of approximately 48.92% shareholding of our Company as at the Latest Practicable Date, and approximately **[REDACTED]**% shareholding of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** or any option that may be granted under the **[REDACTED]** Share Option Scheme is not exercised). Accordingly, upon **[REDACTED]**, Mr. Xu and Qianhai Hailu will be considered as a group of Controlling Shareholders for the purpose of the Listing Rules.

Ms. Xu FC is not and has never been involved in the day-to-day operations and management of our Group. Save for being a supervisor of our Company (during the period from the establishment of our Company until the abolition of the board of supervisors of our Company in December 2025), the role of which was non-managerial and non-executive in nature, she has never assumed and will not assume any directorship, managerial or executive role and/or positions in our Group.

Ms. Xu FC is not considered as part of the Controlling Shareholders Group with Mr. Xu and Qianhai Hailu on the basis that:

(i) Ms. Xu FC holds a trivial amount (merely 0.01%) of equity interest in Qianhai Hailu as her personal investment in our Company, and as confirmed by Mr. Xu and Ms. Xu FC, (i) despite their sibling relationships, Mr. Xu and Ms. Xu FC are independent of each other in respect of their respective equity interest holdings in Qianhai Hailu and investments in our Company; (ii) there is no and has never been any acting-in-concert agreement or arrangement between Mr. Xu and Ms. Xu FC in relation to their respective equity interests holdings in Qianhai Hailu, or at all; (iii) Mr. Xu holds 99.99% of equity interest in and is the sole director of Qianhai Hailu, and has at all times been the sole decision maker for Qianhai Hailu's investment in our Company; and (iv) Ms. Xu FC has not involved in any consensus building process with Mr. Xu when Qianhai Hailu casts its votes at the general meeting of our Company. Therefore, Ms. Xu FC is not in a position to control Qianhai Hailu's voting interests in our Company.

(ii) Ms. Xu FC is not and has never been involved in the day-to-day operations and management of Qianhai Hailu and/or our Group. As disclosed above, she has never assumed and will not assume any directorship, managerial or executive role and/or positions in our Group. Save for her indirect interest in our Company through Qianhai Hailu, Ms. Xu FC does not hold any equity interest/shareholding in our Company or its subsidiaries, and is only a passive investor.

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 after **[REDACTED]**.

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Mr. Xu, being one of our Controlling Shareholders, also serves as our executive Director, the chairman of our Board and the general manager of our Company. Our Directors, collectively with the support of our senior management of our Company, are responsible for the day-to-day management of our business. For details, please see "Directors and Senior Management" in this document.

Our Directors consider that our Board and senior management are able to perform the management role in our Group independent of our Controlling Shareholders for the following reasons:

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

(b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, such Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests, details of which are set out in the paragraph headed "Corporate Governance Measures" in this section;

(c) three out of seven Directors are independent non-executive Directors with extensive experience in various professions. They are appointed pursuant to the requirements of the Listing Rules, who will bring independent judgment to the decision-making process of our Board;

(d) connected transactions between our Group and our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including the rules relating to annual reporting, review, announcement, circular and independent shareholders' approval (where applicable); and

(e) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorized by our Board.

Operational Independence

We have established our own organizational structure consisting of individual departments with different functions for, among others, sales, operations, marketing and after-sales services. Each department is assigned specific areas of responsibility. We have implemented a set of internal control mechanisms to enhance the efficiency of our business operations. In addition to our sufficient assets, capital and employees, we have obtained and possess all relevant licenses, permits, approvals and intellectual properties required to conduct our business independently. Furthermore, we have independent access to our suppliers and customers.

Based on the above, our Directors are of the view that our Group can operate independently of our Controlling Shareholders and their close associates upon **[REDACTED]**.

Financial Independence

Our financial management department is responsible for handling the major finance operations of our Group and is capable of making financial decisions independently according to our own business needs. We manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholders or their close associates. In addition, we have sufficient capital to operate our business independently and have adequate internal resources to support our daily operations.

During the Track Record Period, we had been capable of obtaining financing from third parties without relying on any security provided by the members of our Controlling Shareholders or their respective associates. Save for the personal guarantee given by our Controlling Shareholders for our

bank borrowings, there were no loans, or other forms of collateral or security obtained from our Controlling Shareholders as at the Latest Practicable Date. All guarantees provided by our Controlling Shareholders and their respective close associates for our borrowings will be fully released upon **[REDACTED]**.

Based on the above, our Directors consider that our Group is able to operate with financial independence from our Controlling Shareholders and their close associates upon **[REDACTED]**.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Controlling Shareholders, our Directors and their respective close associates confirm that they do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognize the importance of good corporate governance in the protection of our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted towards the quorum in the voting;

(b) our Group has established internal control mechanisms to identify connected transactions. Our Company will comply with the requirements in relation to connected transactions under the Listing Rules upon **[REDACTED]**;

(c) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/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 and external opinion to protect the interests of our **[REDACTED]**. For details of our independent non-executive Directors, please see "Directors and Senior Management — Directors" in this document;

(d) our Board will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(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 Somerley Capital Limited as our compliance adviser, 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 internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.