OVERVIEW

As of the Latest Practicable Date, by virtue of Mr. Guo's role as the general partner of Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu, Mr. Guo, Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu constitute the Single Largest Shareholder Group, which, in aggregate, was interested in approximately 38.48% of the total issued share capital of our Company.

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and that the Share Split and the H-Share [**REDACTED**] application of our Company are completed), the Single Largest Shareholder Group will, in aggregate, be interested in approximately [**REDACTED**]% of the total issued share capital of our Company. Accordingly, Mr. Guo, Tianjin Tongde, Tianjin Kunyuan and Tianjin Kunyu will become our Single Largest Shareholder Group immediately following the [**REDACTED**] and the Company will not have any controlling shareholder as defined under the Listing Rules.

Information on Other Companies Owned by Our Single Largest Shareholder Group

Each member of the Single Largest Shareholder Group confirmed that, as of the Latest Practicable Date, he/it did not have any interest in any business, other than our business, which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER GROUP

Our Directors believe that our Company is capable of carrying on its business independently from our Single Largest Shareholder Group and/or their respective associates after the [**REDACTED**], having taken into consideration the following factors:

Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Company's business. Our Board's main function includes the approval of the overall business plans and strategies of our Company, monitoring the implementation of these policies and strategies and the management of our Company. We have an independent management team which is led by a team of senior management with experience and expertise in our business to implement our policies and strategies.

Our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For a summary of the positions held by our Directors at our Company, please refer to the section headed "Directors and Senior Management" in this document.

Our Directors consider that our Board and senior management will function independently of our Single Largest Shareholder Group because:

(a). each of our Directors is aware of his/her fiduciary duties as a Director which requires, among other things, 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. 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 associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. The provisions of the Articles of Association also ensure that matters involving a conflict of interests which may arise from time to time will be managed in line with accepted corporate governance practice;

(b). our Company has also appointed three independent non-executive Directors, comprising one-third of our Board, to provide a balance between the number of executive Directors and independent non-executive Directors to ensure that there is a strong independent element on our Board and with a view to promoting the best interests of our Company and Shareholders taken as a whole. The independent non-executive Directors have diversified skills and experience in their respective fields of expertise and our Directors believe that our Board will benefit from their independent advice;

(c). our Company has also established internal control mechanisms to identify related party transactions to ensure that our Single Largest Shareholder Group or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions; and

(d). in order to allow the non-conflicting members of the Board to function properly with the necessary professional advice, our Company will engage a third party professional advisor to advise the Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between our Company and our Directors or their respective associates.

In light of the above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Single Largest Shareholder Group after [**REDACTED**].

Operational independence

Our Company has established our own organizational structure comprising individual departments, each with specific areas of responsibilities. We have established our own suppliers and customer bases and ourselves negotiated and concluded agreements with our suppliers and customers. We hold all relevant licences and assets necessary to operate our business, and have sufficient capital and employees to operate our business independently.

Our Company does not have any transactions with any of our connected person including our Single Largest Shareholder Group and/or their respective associates, which will constitute continuing connected transactions of our Company under the Listing Rules upon the [**REDACTED**]. Our Company is therefore able to operate independently from our Single Largest Shareholder Group after the [**REDACTED**].

Financial independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with our Single Largest Shareholder Group. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with our Single Largest Shareholder Group or any other entities controlled by them.

During the Track Record Period, our Group obtained certain bank loans, in connection with which Mr. Guo, a member of the Single Largest Shareholder Group, and his associates provided personal guarantees. For details, please refer to "notes 28 and 35 to Appendix I — Accountants' Report" in this document. As of June 30, 2026, the interest-bearing bank borrowings and bills payables guaranteed by Mr. Guo amounted to RMB245,609,000. Our Directors confirm that all guarantees provided by Mr. Guo and/or his associates will be released prior to [**REDACTED**]. We had received the [**REDACTED**] Investments from various third-party investors independently. For details of the [**REDACTED**] Investments, please refer to the section headed "History and Corporate Structure — [**REDACTED**] Investments" in this document.

We are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholder Group in view of our steady cash flow generation, as well as our ability to raise funds independently. We have a proven track record of obtaining financing on our own. We have also secured additional financing channels without any security or guarantees from our Single Largest Shareholder Group or their respective close associates. We believe that key financial institutions in China, where our operations are primarily conducted, recognize the standalone creditworthiness of our Company and are willing to grant credit lines without financial support from our Single Largest Shareholder Group or their close associates following the [**REDACTED**].

Having considered the above factors, our Directors consider that there is no financial dependence on our Single Largest Shareholder Group.

In light of the above, our Directors are of the view that our Company does not unduly rely on our Single Largest Shareholder Group and/or their respective associates, and our Company is considered independent in all material aspects including finance, management and operations of our Single Largest Shareholder Group.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholder Group and our Company and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(a). where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholder Group or any of their respective close associates has a material interest, our Single Largest Shareholder Group will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b). our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if any transaction is proposed between our Company and our Single Largest Shareholder Group and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(c). our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Company and our Single Largest Shareholder Group and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d). where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(e). we have appointed Altus Capital Limited as our compliance advisor, who 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, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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 Company and our Single Largest Shareholder Group, and to protect our minority Shareholders' interests after [**REDACTED**].