
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yang, Mr. Meng and Mr. Li, by virtue of the concert party agreement among them, were collectively interested in approximately 33.01% of our total issued share capital through Guoquan Industry (Shanghai) Co. Ltd. (鍋圈實業(上海)有限公司) (“**Guoquan Industry**”), and Mr. Yang was also interested in approximately 12.42% and 3.21% of our total issued share capital through Shanghai Guoxiaoquan Enterprise Management Center (Limited Partnership) (上海鍋小圈企業管理中心(有限合夥)) (“**Guoxiaoquan EM**⁽¹⁾”) and Shanghai Guoxiaoquan Agriculture Technology Service Center (Limited Partnership) (上海鍋小圈農業科技服務中心(有限合夥)) (“**Guoxiaoquan Tech**⁽²⁾”) respectively. As such, Mr. Yang, Mr. Meng and Mr. Li were indirectly interested in a total of approximately 48.64% of our total issued share capital.

On July 16, 2019, Mr. Yang, Mr. Meng and Mr. Li entered into a concert party agreement, which was supplemented on March 1, 2023, pursuant to which Mr. Meng and Mr. Li have agreed and confirmed that during the period starting from July 16, 2019 to the date when they cease to be our direct or indirect Shareholder, they have acted and will continue to act in concert in respect of the management and operations of our Company by aligning their votes in accordance with Mr. Yang’s decisions when exercising their rights as shareholders of the Company prior to December 2021 and as shareholders of Guoquan Industry since December 2021 when their direct interests in the Company were reflected at the level of Guoquan Industry. See the section headed “History, Development and Corporate Structure — The Concert Party Group” in this document for details.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] are not exercised), Mr. Yang, Mr. Meng and Mr. Li will be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED]% of the voting power at general meetings of our Company. Therefore, Mr. Yang, Mr. Meng, Mr. Li, Guoquan Industry, Guoxiaoquan EM and Guoxiaoquan Tech will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

Notes:

- (1) Guoxiaoquan EM is owned as to i) 80% by Mr. Yang as its sole general partner and ii) 20% by Mr. An as its limited partner, each an executive Director of our Company. As Mr. An is not involved in the management of Guoxiaoquan EM, has no concert party arrangement with Mr. Yang and is only entitled to the passive economic interest in Guoxiaoquan EM, Mr. An should not be treated as a controlling shareholder of our Company.
- (2) Guoxiaoquan Tech is owned as to i) 44.09% by Mr. Yang as its sole general partner; ii) 0.6% by Mr. Li as its limited partner and iii) 55.31% by three Independent Third Parties as its limited partners. As these three Independent Third Parties are not involved in the management of Guoxiaoquan Tech, have no concert party arrangement with Mr. Yang and are only entitled to the passive economic interest in Guoxiaoquan Tech, thus they should not be treated as controlling shareholders of our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

Our Board consists of 11 Directors, namely four executive Directors, three non-executive Directors and four independent non-executive Directors. Mr. Yang, one of our Controlling Shareholders, is an executive Director, chairperson of the Board and chief executive officer. Mr. Meng, one of our Controlling Shareholders, is also an executive Director.

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders from a management perspective for the following reasons:

- (a) our daily management and operations are carried out by a 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 Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this document;
- (b) 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 our 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 Group 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;
- (c) 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; and
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders 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 Group independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

We do not rely on our Controlling Shareholders and their respective 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 our Controlling Shareholders and their respective 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 and an independent management team to handle our day-to-day operations. We are also 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.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

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 in charge of our treasury function. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to our Controlling Shareholders and their respective close associates.

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 our Controlling Shareholders and their respective close associates after the [REDACTED].

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 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:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which any Shareholders or any of their respective associates has a material interest, the interested Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) 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 [REDACTED]. In particular, our Articles of Association provides that, a Director shall be abstained 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;
- (c) 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 and their respective close 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 their 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 the section headed “Directors, Supervisors and Senior Management” in this document;
- (e) 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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (f) we have appointed Somerley Capital 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 existing and potential conflicts of interest, and to protect minority Shareholders' interests after the [REDACTED].