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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Hongqiao Jinji directly held 56,101,300 Shares, representing approximately 39.33% of the total issued share capital of our Company and was deemed to be interested in 9,284,900 Shares held by Tianjin Jincheng of which Hongqiao Jinji is the general partner, representing approximately 6.51% of the total issued share capital of our Company and thus a Controlling Shareholder of our Company. Hongqiao Jinji is owned as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo, the son of Mr. Xu.

As of the Latest Practicable Date, Mr. Xu directly held 31,934,400 Shares, representing approximately 22.39% of the total issued share capital of our Company and Mr. Xu Dongbo directly held 14,319,200 Shares, representing approximately 10.04% of the total issued share capital of our Company.

On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation, pursuant to which Mr. Xu and Mr. Xu Dongbo confirmed that they have jointly controlled the management and operation of our Group since the establishment of our Company, and will continue to jointly control the management and operation of our Group. They had agreed to consult with each other and reach a unanimous consensus between themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group and if there is any disagreement between them in respect of the operation and management of our Group, the decisions of Mr. Xu shall prevail. Therefore, Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties.

Pursuant to the Listing Rules and Chapter 1.1C under the Guide for New Listing Applicants published by the Stock Exchange, Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng are regarded as a group of Controlling Shareholders.

Thus, as of the Latest Practicable Date, Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng together were entitled to exercise voting rights attached to the 111,639,800 Shares, representing approximately 78.27% of the total issued share capital of our Company, or [45,584,410] H Shares and [66,055,390] Unlisted Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised). Since Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng together are able to control more than 30% of the voting rights in our Company, they will continue to be a group of Controlling Shareholders of our Company immediately after the [REDACTED].

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Each of the group of Controlling Shareholders confirms that as of the Latest Practicable Date, they 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, and requires disclosure under Rule 8.10 of the Listing Rules.

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Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our group of Controlling Shareholders and their close associates after the [REDACTED].

### Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. For further details, see “— Corporate Governance Measures” in this section.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

### Operational Independence

We are able to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry out our current business, and has sufficient capital, facilities, technology and employees to operate our business independently from our group of Controlling Shareholders. We have access to third parties independently from our group of Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we are able to function and operate independently from our group of Controlling Shareholders and their close associates.

### Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting and group credit functions of our Company, independent from our group of Controlling Shareholders. We are able to make financial decisions independently and our group of Controlling Shareholders do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

During the Track Record Period and up to the Latest Practicable Date, certain of our Group’s interest-bearing bank borrowings were guaranteed and/or counter-guaranteed by Mr. Xu, Mr. Xu Dongbo and/or their close associates (the “**CP Guarantors**”) through either personal or corporate guarantees (the “**CP Guarantees**”) owned by them (the “**Guaranteed Loans**”). The Directors confirm that no consideration was payable or will be payable to the CP Guarantors for the provision of the CP Guarantees. As at the Latest Practicable Date, the

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outstanding principal amount of our interest-bearing bank and other borrowings due to the Independent Third Party lenders under the Guaranteed Loans amounted to approximately RMB104.0 million. For details of our outstanding bank loans and credit facilities and the Guaranteed Loans, see “Financial Information — Indebtedness” and Note 33 to the Accountants’ Report in Appendix I to this document. The Company is in negotiation with those Independent Third Party lenders for the full release or replacement of the CP Guarantees with guarantees to be provided by our Group and/or any third party upon the [REDACTED]. Further to such negotiation, all those lenders agreed to and/or were willing to initiate their internal procedures in respect of issuance of consent letters to fully release the CP Guarantees or replace them with guarantees to be provided by our Group and/or any third party, subject to their respective internal approval procedures. If such consent letters could not be obtained, all amounts under the Guaranteed Loans will be repaid before [REDACTED].

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our group of Controlling Shareholders and their close associates.

### CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following measures to promote good corporate governance and to avoid potential conflict of interests between our Group and our group of Controlling Shareholders:

- (a) under the Articles of Association, where a Shareholders’ meeting is to be held for considering proposed transactions in which any of our group of Controlling Shareholders or any of their close associates has a material interest, the relevant Controlling Shareholders or their close associates will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any of our group of Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (c) our independent non-executive Directors will review, on an annual basis, whether there are any conflict of interests between our Group and our group of Controlling Shareholders (the “**Annual Review**”) and provide advice to protect the interests of our minority Shareholders;
- (d) our group of Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the Annual Review;

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- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;
- (f) 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
- (g) we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations in Hong Kong as well as the Listing Rules, including various requirements relating to corporate governance during its term of appointment.

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