

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### OUR CONTROLLING SHAREHOLDERS

Our Company was incorporated as a limited liability company under the laws of the PRC on 28 May 2018 and was converted into a joint stock company with limited liability on 15 July 2022. As at the Latest Practicable Date, our Company was owned as to approximately 48.62% by Conch Tech Innovation. Immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED]), Conch Tech Innovation will hold approximately [REDACTED]% of the total issued share capital of our Company.

As at the Latest Practicable Date, Conch Tech Innovation was wholly-owned by Conch Holdings, which was in turn held as to 51% by Anhui Investment Group and 49% by Wuhu Conch Venture, an Independent Third Party, and Anhui Investment Group was wholly-owned by the SASAC of the People’s Government of Anhui Province (安徽省人民政府國有資產監督管理委員會). Therefore, Conch Tech Innovation, Conch Holdings and Anhui Investment Group will constitute a group of Controlling Shareholders under the Listing Rules immediately upon completion of the [REDACTED].

### INFORMATION OF BUSINESSES OF OUR GROUP AND OUR CONTROLLING SHAREHOLDERS

#### *Our Group*

We are principally engaged in the R&D, production and sale of cement admixture, concrete admixture, and their respective in-process intermediaries namely processed alcohol amine, polyether monomers and polycarboxylic acid mother liquor. For further details of our business, see “Business” in this document.

#### *Conch Tech Innovation*

Conch Tech Innovation is principally engaged in investment holding. Apart from its interests in our Group, it has investment in companies which are engaged in (i) R&D, production and sales of biomass fuel; (ii) production and sales of new catalytic materials and additives and R&D of new materials; and (iii) R&D of emerging energy technology and sales of energy storage battery systems.

#### *Conch Holdings*

Apart from holding interest in our Group and Conch Tech Innovation, Conch Holdings is principally engaged in asset operation, investment, financing, property transactions, production and sale of construction materials, chemical and industrial products (excluding hazardous products), electronic apparatus and instruments and ordinary machinery and equipment, electricity, transportation, warehousing, construction project, import and export trading, sale of mineral products (operated by subsidiaries), metal materials, craftwork and general merchandise, property management, development of technological products, technical services, printing, contracting of overseas building materials project and domestic and international bidding projects, and dispatch of service personnel for implementing the above overseas projects. The above principal activities include (i) production and sales of cement,

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commodity clinker, aggregate and concrete through a controlling interest held in Conch Cement (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00914) and the Shanghai Stock Exchange (stock code: 600585)); and (ii) R&D and production and sales of new green construction materials (新型綠色建材) (mainly including plastic profiles, doors and windows) and environmental protection new material (環保新材料) (mainly including catalyst used for flue gas denitration in electric power and steel fields) through a controlling interest held in Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd. (海螺(安徽)節能環保新材料股份有限公司) (the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000619)).

### *Anhui Investment Group*

Anhui Investment Group is principally engaged in four main business segments, which are: (i) infrastructure, which mainly consists of railway construction, poverty alleviation and relocation, reconstruction of shanty town and property investment; (ii) investment in companies which are engaged in key industries in Anhui such as new energy, big health, cultural tourism and smart city; (iii) investment in which companies which are engaged in finance businesses; (iv) investment in various publicly listed companies.

Apart from the above principal businesses of our Controlling Shareholders, our Controlling Shareholders are also interested in other investments which do not form part of our Group, and the principal businesses of such investments are separate and distinct from our businesses (together with the above principal businesses of our Controlling Shareholders, collectively, the “**Other Businesses**”), save for certain businesses engaged by Anhui Jinggong Testing and Inspection Center Co., Ltd.\* (安徽精公檢測檢驗中心有限公司) (“**Jinggong Testing**”), a subsidiary of Conch Cement, which was in turn held as to approximately 36.4% by Conch Holdings as at the Latest Practicable Date as elaborated below.

One of our subsidiaries, Anhui Haicui, is principally engaged in the production and sales of grinding aids for quality intelligent monitoring system (the “**Grinding Aids Business**”), whereas Jinggong Testing is primarily engaged in offering laboratory testing services for cement clinkers and cement and concrete admixtures. To the best knowledge of our Directors, Jinggong Testing also produces grinding aids testing products for its own use and as complementary offers to its customers for testing. Nonetheless, taking into account that (i) the revenue contribution generated from the Grinding Aids Business from Anhui Haicui only amounted to approximately RMB0.3 million and RMB0.9 million for FY2022 and FY2023, respectively, representing approximately 0.02% and 0.04% of our total revenue for the respective year; (ii) such revenue contribution from Anhui Haicui will continue to remain insignificant; and (iii) Jinggong Testing only produces grinding aids testing products for its own use and as complementary offers to its customers, our Directors are of the view that the potential competition resulting from the abovementioned business between Anhui Haicui and Jinggong Testing is limited and immaterial to our Group.

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Save as disclosed above, taking into account the differences between the Other Businesses and the business operations of our Group, our Directors are of the view that there is a clear business delineation between our businesses and Other Businesses. Our Controlling Shareholders confirm that as of the Latest Practicable Date, save as disclosed above, they did not have any interest in any 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.

### DEED OF NON-COMPETITION

In order to avoid any potential competition between Conch Tech Innovation and Conch Holdings (being the controlling shareholders of our Group) (the “**Non-Competing Shareholders**”) on the one hand and us on the other hand, the Non-Competing Shareholders have entered into the Deed of Non-competition in favour of our Company. Pursuant to the Deed of Non-competition, subject to the exceptions set out below, each of the Non-Competing Shareholders has irrevocably and unconditionally undertaken to our Company (for ourselves and on behalf of each other member of our Group) that it would not, and would procure that its close associates (except any members of our Group) not to, during the Restricted Period (as defined below), directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any Restricted Business (as defined below), whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person.

The “**Restricted Business**” stated in the Deed of Non-competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with:

- (a) the existing business activities of our Group as set out in the section headed “Business” in this document; and
- (b) any other business from time to time conducted, entered into, engaged in or [REDACTED] in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or [REDACTED] in, save as disclosed in this document.

The obligation of the Non-Competing Shareholders under the Deed of Non-competition will remain binding on the Non-Competing Shareholders until the earlier of the followings:

- (a) the date on which the Shares cease to be [REDACTED] on the Stock Exchange (except for temporary [REDACTED] of the Shares on the Stock Exchange for any reason); or

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- (b) the date on which the Non-Competing Shareholder(s) and its close associates, collectively cease to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company or otherwise cease to be a group of controlling shareholders of our Company.

**"Restricted Period"** shall mean the period commencing on the [REDACTED] until the earlier of the above events.

Each of the Non-Competing Shareholders has also undertaken to our Company to provide all information requested by our Company which is necessary for the annual review by our Independent Non-executive Directors of the Non-Competing Shareholders' compliance with the undertakings and the enforcement of the Deed of Non-competition. Each of them has further undertaken to our Company (for itself and for the benefit of each other member of our Group) that in the event that it or its close associate(s) (other than any member of our Group) is given/identified/offered/made available any business investment or commercial opportunity relating to the Restricted Business (the **"New Business Opportunity"**), it will and will procure its close associates to refer the New Business Opportunity to our Company as soon as practicable in the following manner:

- (a) the relevant Non-Competing Shareholder(s) is required to, and shall procure its close associates (other than any member of our Group) to, refer, or to procure the referral of, the New Business Opportunity to our Company, and shall give written notice (the **"Offer Notice"**) as soon as reasonably practicable to our Company of any New Business Opportunity containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunity would constitute the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Business Opportunity, including but not limited to the nature of the New Business Opportunity, the identity of the target asset(s) or company(ies) (if applicable), and the details of the investment or acquisition costs;
- (b) as soon as reasonably practicable after receiving the Offer Notice, our Company shall seek approval from a board committee (comprising only our Independent Non-executive Directors who do not have any interest, actual or potential, direct or indirect in the relevant New Business Opportunity) (the **"Independent Board"**) as to whether to pursue or decline the New Business Opportunity. Any Director who has actual or potential, direct or indirect interest in the New Business Opportunity shall not be a member of the Independent Board and shall not attend (unless his/her attendance is specifically requested by the Independent Board), vote at nor be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity;
- (c) the Independent Board shall take into account all relevant factors in considering whether our Company shall pursue the New Business Opportunity. Such factors may include, among other things, the financial impact of pursuing the New Business Opportunity, whether the nature of the New Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions. If appropriate, the Independent Board

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may, at the cost of our Company, appoint independent financial advisers, legal advisers and other professional advisers to assist in the decision-making process in relation to such New Business Opportunity;

- (d) the Independent Board shall, within 20 business days upon receipt of the Offer Notice, inform the relevant Non-Competing Shareholder in writing on behalf of our Company of its decision whether to pursue or decline the New Business Opportunity;
- (e) the relevant Non-Competing Shareholder and/or its close associates shall be entitled (but not obliged) to pursue such New Business Opportunity (i) if it has received a notice from the Independent Board declining such New Business Opportunity, or (ii) if the Independent Board has failed to respond within such 20 business days period pursuant to sub-paragraph (d) above;
- (f) if there is any material change in the nature, terms or conditions of such New Business Opportunity pursued by the relevant Non-Competing Shareholder, it shall refer such New Business Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were a New Business Opportunity; and
- (g) any Director who has actual or potential interests in the New Business Opportunity shall not attend meetings convened to consider such New Business Opportunity (unless required by the Independent Board), shall abstain from voting at such meetings and he/she/it shall not be counted in the quorum present in the meetings.

Nothing in the Deed of Non-competition shall preclude any of the Non-Competing Shareholders or their close associates from:

- (a) holding interests in the shares of a company provided that:
  - (i) any Restricted Business conducted or engaged in by such company or its subsidiaries (or assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited consolidated accounts; or
  - (ii) the total number of the shares held by the relevant Non-Competing Shareholder(s) and/or its close associates in aggregate does not exceed 30% of the issued shares of that class of the company in question, and such Non-Competing Shareholder(s) and its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at all times there should exist at least one other shareholder of that company (together, where appropriate, with its close associates) whose shareholdings in that company should be more than the total number of shares held by such Non-Competing Shareholder(s) and its close associates; or

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- (b) pursuing any business opportunity which may constitute the Restricted Business after our Independent Board has confirmed in writing to the relevant Non-Competing Shareholder(s) that our Independent Board or the relevant member(s) of our Group has declined such business opportunity.

### RELATIONSHIP WITH CONCH CEMENT GROUP

Conch Holdings, a member of our Controlling Shareholder group, held owns a controlling stake of more than 30% shares in Conch Cement whose shares are listed on the Stock Exchange (stock code: 00914) and Shanghai Stock Exchange (stock code: 600585) as at the Latest Practicable Date. Our Group has a well-established and ongoing business relationship with Conch Cement Group since 2018. Conch Cement Group is principally engaged in the production and sales of cement, commodity clinker, aggregate and concrete. According to the list of world’s top 2000 companies in 2023 as announced by Forbes, Conch Cement ranked the 539<sup>th</sup>, being the first in the world’s cement industry. According to the list of China’s top 500 listed companies in 2023 as announced by Fortune China, Conch Cement ranked the 104<sup>th</sup> with an operating income of approximately RMB132 billion as at 31 December 2022.

Our Group has been providing various admixture products to Conch Cement Group since 2018, and it subsequently became our largest customer throughout the Track Record Period. During the Track Record Period, revenue generated from Conch Cement Group amounted to approximately RMB807.9 million, RMB765.1 million, RMB762.4 million and RMB338.6 million, respectively, representing approximately 52.5%, 41.6%, 31.8% and 30.7% of our total revenue for FY2021, FY2022, FY2023 and 6M2024, respectively. This shows a decreasing trend of our reliance on Conch Cement Group over the years, which reflected our effort in sourcing customers which are not our Controlling Shareholders. For details, see “Independence From Our Controlling Shareholders — Operational independence — Our efforts in sourcing customers other than Conch Cement Group” below.

We consider the business relationship between our Group and Conch Cement Group to be mutually complementary. Over years of cooperation, both our Group and Conch Cement Group have developed a mutual and deep understanding of their respective business operations. Given our stable and close relationship, our Group is familiar with Conch Cement Group’s specific requirements and expected deliverables, which helped to reduce communication costs, accumulate tacit knowledge of product and service provisions to Conch Cement Group, build mutual trust and has enabled us to constantly provide the high-quality products that met Conch Cement Group’s specific requirements. All these have helped optimise the product quality and production indicators of Conch Cement Group, which have further helped enhance Conch Cement’s brand image, thereby attracting more customers to purchase cement and concrete products from Conch Cement, and will in turn likely bring more business to our Group and hence enable us to reinforce our existing market position. Going forward, given Conch Cement’s reputation and ranking in the cement industry in the world, and in particular the PRC, we believe we will continue to participate in open tenders conducted by or price negotiation with Conch Cement. Based on our mutual and complementary business relationship with them and our competitive advantage which distinguishes us from our competitors, we believe we will continue to secure future engagements from Conch Cement Group. For details of our continuing connected transactions with Conch Cement, see “Continuing Connected Transactions” in this document.

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### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED] for the reasons set out below.

#### Management Independence

Our Board comprises two executive Directors, five non-executive Directors and four independent non-executive Directors. We have three Supervisors and a senior management team comprise our executive Directors and three other members.

Upon [REDACTED], Mr. Ding and Mr. Jin, our Directors, and Mr. Yue Jian, our Supervisor, will continue to hold positions in our Controlling Shareholders or companies in which they have 30% or more interests:

<u>Name of Director</u>	<u>Positions within our Group</u>	<u>Positions in our Controlling Shareholders or companies in which they have 30% or more interests</u>
Mr. Ding . . . .	Non-executive Director, Chairman of our Board	<ul style="list-style-type: none"> <li>Chief economist and vice chief accountant of Conch Holdings</li> <li>Director of Anhui International Trade Group (Holding) Co., Ltd.* (安徽國貿集團控股有限公司), a company held as to 55% by Conch Holdings</li> <li>Director of Conch Tech Innovation</li> <li>Director and general manager of Anhui Conch Capital Management Co. Ltd.* (安徽海螺資本管理有限公司), a company wholly-owned by Conch Holdings</li> <li>Director of Anhui Conch Private Equity Fund Management Co. Ltd* (安徽海螺私募基金管理有限公司), a company indirectly wholly-owned by Conch Holdings</li> </ul>



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Name of Director	Positions within our Group	Positions in our Controlling Shareholders or companies in which they have 30% or more interests
Mr. Jin . . . . .	Non-executive Director	<ul style="list-style-type: none"> <li>• Director of Anhui Conch Clean Energy Technology Co., Ltd.* (安徽海螺潔能科技有限公司), a company wholly-owned by Conch Tech Innovation</li> <li>• Director and Chairman of State Power Investment Group Anhui Conch Electricity Sales Co., Ltd.* (國家電投集團安徽海螺售電有限公司), a company held as to 50% by Anhui Conch Clean Energy Technology Co., Ltd.* (安徽海螺潔能科技有限公司)</li> <li>• Director and vice general manager of Conch Tech Innovation</li> </ul>



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Name of Director	Positions within our Group	Positions in our Controlling Shareholders or companies in which they have 30% or more interests
Mr. Yue Jian . .	Shareholder representative Supervisor	<ul style="list-style-type: none"> <li>• Supervisor of Anhui Conch Clean Energy Technology Co., Ltd.</li> <li>• Supervisor of Anhui Haihan Water treatment Technology Co., Ltd.* (安徽海瀚水處理科技有限公司), a company indirectly wholly-owned by Conch Tech Innovation</li> <li>• Supervisor of Anhui Haixin Mineralisation Material Technology Co., Ltd.* (安徽海鑫礦化材料科技有限公司), a company indirectly wholly-owned by Conch Tech Innovation</li> <li>• Supervisor of Anhui Conch Biomass Energy Technology Co., Ltd.* (安徽海螺生物質能科技有限公司), a company wholly-owned by Conch Tech Innovation</li> <li>• Supervisor of Anhui Conch Preparation Engineering Technology Co., Ltd.* (安徽海螺製劑工程技術有限公司), a company wholly-owned by Conch Tech Innovation</li> <li>• Supervisor of Anhui Haiyi High Fuel Material Technology Co., Ltd.* (安徽海燄高燃材料科技有限公司), a company indirectly held as to 55% by Conch Tech Innovation</li> <li>• Director of Anhui Conch Ronghua Energy Storage Technology Co., Ltd.* (安徽海螺融華儲能科技有限公司), a company indirectly held as to 51% by Conch Tech Innovation</li> </ul>

Our management and operational decisions are made by our Board and senior management, all of whom have substantial experience in the industry in which we are engaged in and/or in their respective fields of expertise. Most of our Directors and senior management members have a track record of devoting sufficient time and energy to discharge their duties as our Directors and senior management members and they will continue to focus on our Groups’ business. For further details of our Directors and senior management, see “Directors, Supervisors and Senior Management” in this document.

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Despite the common directorship and overlapping personnel, we believe that the management independence between our Group and our Controlling Shareholder will be maintained. Mr. Ding and Mr. Jin are a non-executive Directors and their roles are non-executive in nature. They will not handle day-to-day operation or management in our Company after the [REDACTED]. Each of Mr. Ding and Mr. Jin confirms that his involvement in our Controlling Shareholders will not affect the discharge of his duties nor limit his time devoted to our Group. Apart from Mr. Ding and Mr. Jin, none of our Directors hold any directorship or senior management position or otherwise have any employment relationship with the our Controlling Shareholders or companies in which they have 30% or more interests. Mr. Lu Shumin and Mr. Yue Jian are our Supervisors, who does not hold any management positions in our Group and are not involved in the daily management of our businesses.

Apart from the above, our Directors consider that our Board and senior management will function independently of our Controlling Shareholders due the following reasons:

- (a) 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 a Director and his/her personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective 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. Further, our Articles provide that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting. For details, see “Summary of the Articles of Association” in Appendix III to this document;
- (c) 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. See “Corporate Governance Measures” in this section below for details; and
- (d) as only two out of our seven non-independent Directors (including executive Directors and non-executive Directors) hold management positions in our Controlling Shareholders group, the majority of the Board is independent from our Controlling Shareholders group. There are sufficient number of executive Directors, non-executive Directors and independent non-executive Directors who are independent from our Controlling Shareholders to ensure that our Board are able to perform its functions properly; and
- (e) we have four independent non-executive Directors, comprising more than one-third of our Board to provide a balance between the number of executive Directors, non-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

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diversified skills and experience in their respective fields of expertise (for details of their biographical details, see “Directors, Supervisors and Senior Management” in this document) and our Directors believe that our independent non-executive Directors are able to bring impartial opinion and sound judgement to the decision-making process of our Board and protect the interest of our Company and Shareholders as a whole. Our Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group; and

- (f) our senior management members are independent from our Controlling Shareholders. They have substantial experience in the industry which we are engaged in. Accordingly, they are able to discharge their duties independently from our Controlling Shareholders.

Based on the above, our Directors believe that our Board and senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders.

### **Operational Independence**

The business operations of our Group are carried out separately from other businesses operated by our Controlling Shareholders. Save for the IT system support services provided by a wholly-owned subsidiary of Conch Holdings, for instance, the maintenance and rental of certain IT systems, the information technology, human resources department and other administrative support of our Group are separate from those of our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licences, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED].

### ***Licences required for operation***

We hold and enjoy the benefit of all relevant licences and permits material to the operation of our business.

### ***Access to customers, suppliers and business partners***

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as other business partners.

### ***Operational facilities***

All the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective close associates.

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### *Employees*

We have our independent team of quality personnel, among whom have rich industry experience in cement admixture and concrete admixture industry. We recruit our employees independently and primarily through various channels, such as advertising platform, third-party recruitment agency and participation in recruitment events held by schools.

### *Connected transactions with our Controlling Shareholders or their associates*

The section headed “Continuing Connected Transactions” in this document sets out the non-exempted continuing connected transactions between our Group and our Controlling Shareholders or their respective associates which will continue after the completion of the [REDACTED]. All such transactions are determined after arm’s length negotiations. As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after the [REDACTED]. Accordingly, it is expected that such continuing connected transactions will not affect our operational independence as a whole.

### *Our efforts in sourcing customers other than Conch Cement Group*

We began to enhance our efforts in sourcing customers other than Conch Cement Group and which are not our Controlling Shareholders or their associates (“**Non-Controlling Shareholder Customers**”) since 2020. We believe our revenue attributable to Non-Controlling Shareholder Customers will further increase in the long run.

During the Track Record Period, there was an increasing trend in the percentage of our revenue attributable to projects from Non-Controlling Shareholder Customers. We have been actively participating in tender and bidding processes organised by Non-Controlling Shareholder Customers, as well as pursuing cooperation opportunities with, and exploring acquisitions of, quality market players with regional competitive strength. We acquire the relevant information from multiple channels and actively communicate with Non-Controlling Shareholder Customers, state-owned enterprises and government agencies, in order to extensively explore potential target projects.

We plan to use approximately [REDACTED]% of the proceeds from the [REDACTED] for exploring opportunities in domestic and overseas markets by expanding our sales network, details of which are set out in “Future Plans and [REDACTED] — [REDACTED]” in this document. Considering the opportunities in the cement admixture and concrete admixture market, our experience and expertise, our achievement in expanding our services offerings to projects from Non-Controlling Shareholder Customers via organic growth and our development strategy, we believe that we are well-positioned to capture potential opportunities and could further expand our business in respect of projects developed by Non-Controlling Shareholder Customers.

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We have established strong management team with extensive industry knowledge and experience and maintained marketing and development team at our headquarters and regional level as well as our subsidiaries, and will continue to increase the resources and efforts in our business development.

Going forward, we intend to, among others, (i) leveraging our brand reputation and track record, continue to secure new contracts by participating in the tendering and bidding process, (ii) enter into strategic cooperation arrangements with other Non-Controlling Shareholder Customers, and (iii) increase our cost on R&D for our products to attract more Non-Controlling Shareholder Customers. As a result, it is expected that we will continue to capture new contracts from Non-Controlling Shareholder Customers, and our revenue generated from products provided to these customers will continue to increase.

### Financial Independence

Our Group has an independent financial reporting system and makes 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. We manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholder or their respective close associates.

During the Track Record Period, there were certain other payables to and other receivables from our Controlling Shareholders or their respective close associates, mainly comprise of performance deposits, tender deposits and pre-payment for purchase of admixtures storage containers, supply and logistic system and energy storage system. All the other payables to and other receivables from our Controlling Shareholders or their respective close associates (other than those in the ordinary and usual course of business of our Group) will be settled in accordance with their respective contract terms. See Note 28 to the Accountants’ Report in Appendix I, and “Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade and other receivables — Other receivables from related parties” and “— Trade and other payables — Other payables to related parties” in this document for further details. Further, during the Track Record Period, Conch Tech Innovation also provided guarantee for the bank loans of our Group. See Note 19 to the Accountants’ Report in Appendix I to this document for further details. As at the Latest Practicable Date, all guarantees provided by our Controlling Shareholders or their respective close associates in favour of our Group had been released, and we did not have any loans due from or due to our Controlling Shareholders or their respective close associates. We have been and are capable of obtaining equity and debt financing from third parties. Our Directors confirm that our Group does not intend to obtain any borrowing or guarantee from any of our Controlling Shareholders or entities controlled by our Controlling Shareholders after the [REDACTED].

Based on the above, our Directors are of the view that our Board and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and his/its associates after the [REDACTED].

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### 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.

Our Directors recognise the importance of good corporate governance in protection of our Shareholders' interests. We will adopt 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 its associates has a material interest, our Controlling Shareholders 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 the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (c) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;
- (d) 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;
- (e) the independent non-executive Directors will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders. Our Company will disclose decisions relating to compliance and enforcement of the Deed of Non-competition (including our independent non-executive Directors' views for such decision) in our annual report;
- (f) our Directors will be responsible for reviewing, considering and deciding whether or not to take up any business opportunity under the Deed of Non-competition. Any Directors who have a material interest in such decision shall abstain from voting. Our Company will disclose such decision (including our independent non-executive Directors' views for such decision) in our annual report;
- (g) the Non-Competing Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review referred to in paragraph (e) above; and

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (h) 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 conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].