OVERVIEW

As of the Latest Practicable Date, Mr. Li held approximately 16.33% of the issued share capital of our Company and was our single largest Shareholder.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Li will hold approximately **[REDACTED]**% of the enlarged issued share capital of our Company and will remain as our single largest Shareholder. Accordingly, our Company will not have any controlling Shareholder immediately after **[REDACTED]**.

INTERESTS OF THE SINGLE LARGEST SHAREHOLDER IN OTHER BUSINESSES

Our single largest Shareholder, Mr. Li, confirmed that as of the Latest Practicable Date, he 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.

NON-COMPETE UNDERTAKINGS

In connection with the A-Shares listing, our single largest Shareholder, Mr. Li, provided a non-compete undertaking (the "**Non-compete Undertaking**") to our Company on December 29, 2014 in order to avoid potential competition, pursuant to which, Mr. Li has undertaken that, among others:

(1) as of the date of the Non-compete Undertaking, none of his other controlled enterprises had, in any way, directly or indirectly engaged in any business that competes or may compete with the business of our Group, nor did they invest in any other enterprises that compete or may compete with our Group;

(2) he shall not, and shall procure his other controlled enterprises not, in any way, directly or indirectly engage in any business that competes or may compete with the business of our Group, nor invest in any other enterprises that compete or may compete with our Group;

(3) if our Company further expands its scope of business or product, he or his other controlled enterprises shall not engage in any business that competes with the expanded business of our Group. If competition arises with the expanded business of our Group, they shall avoid such competition by forgoing the product or business that constitute competition, incorporating the competing business into our Group's operations, or transferring the competing business to an Independent Third Party; and

(4) he has agreed to, in the event that he breaches the above undertakings and causes loss to our Company, bear all corresponding losses suffered by our Company.

As confirmed by Mr. Li, he has complied with the Non-compete Undertaking since then.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our single largest Shareholder, Mr. Li, and his close associates upon **[REDACTED]**.

Management independence

Our business is managed and operated by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of 10 Directors, comprising 6 executive Directors and 4 independent non-executive Directors, and we also have 4 senior management members. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see "Directors and Senior Management" in this document.

Our Directors are of the view that our Board and senior management team are able to manage our business independently from Mr. Li and his close associates for the following reasons:

(a) among all our executive Directors and senior management, all other executive Directors and senior management have no other relationship with Mr. Li and his close associates. They have substantial experience in the industry and have been with our Group in management capacity for a number of years, which will enable them to discharge their duties independently from Mr. Li. The balance of power and authority is ensured by the operation of the senior management and our Board. Specifically, Mr. Li has a track record of devoting sufficient time and energy to discharge his duties as our Director and will continue to focus on our Group's business and would bear the best interests of our Company and our Shareholders as a whole;

(b) we have appointed 4 independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and our Shareholders as a whole. The independent non-executive Directors are entitled to engage professional advisers at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates;

(c) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a Director, which require that he or she acts in the best interests of our Company and our Shareholders as a whole;

(d) as an A-share listed company, our Company has established internal control systems to identify and manage potential conflicts of interest between our Group and Mr. Li. According to the Articles of Association, in the event that there is potential conflict of interest arising out of any transaction between our Company and another company or entity to which a Director holds office, such Director shall abstain from voting and shall not be counted towards the quorum for the voting. Where a Shareholders' meeting is held to consider a proposed transaction in which Mr. Li has a material interest, Mr. Li shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(e) our Company has appointed Lego Corporate Finance Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Operational independence

Our Group holds all the relevant material licenses, qualifications, permits and intellectual property rights required for conducting our business. Our Group has sufficient capital, facilities and employees to operate our business independently from Mr. Li and his close associates. Our Group also has independent access to our customers. We have our own production and operations departments, finance and administrative departments, sales department and technology and R&D department. In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and its committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities. Our Directors are of the view that our Group will be able to operate independently from Mr. Li and his close associates after the **[REDACTED]**.

Financial independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither Mr. Li nor his close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with Mr. Li or his close associates. We have made tax filings and paid tax independently from Mr. Li and his close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

We have obtained certain bank loans which were secured by guarantees provided by Mr. Li and/or his spouse. As of December 31, 2025, we had an aggregate of approximately RMB2,368.1 million of bank borrowings guaranteed by Mr. Li and/or his spouse. We intend to repay or settle bank loan(s) to discharge the personal guarantees prior to the **[REDACTED]** with our internal resources. As of the Latest Practicable Date, (a) we have obtained consents from 12 banks for release of these personal guarantees upon our receipt of the **[REDACTED]** approval from the Stock Exchange; and (b) we were unable to obtain consent from 5 banks (the "**Five Banks**") to discharge the remaining personal guarantees provided by Mr. Li and/or his spouse upon **[REDACTED]** as they need to assess our profile after the **[REDACTED]** before agreeing to the discharge. As of the Latest Practicable Date, the outstanding borrowings from the Five Banks had an aggregate amount of approximately RMB808.5 million. However, we have also obtained letters from 3 banks which have indicated that they were willing to provide our Group with an aggregate facility limit of RMB8,700 million without personal guarantees from Mr. Li and/or his close associates, subject to regulatory requirements, negotiation of detailed terms and credit policies of such banks. Taking into account the availability of the facilities pursuant to the offer letters which can be used to repay the outstanding loans from the Five Banks, our Directors consider that our Group will have sufficient financial resources even if the loans with the Five Banks are terminated. After the **[REDACTED]**, we expect to carry our fundraising activities in onshore and offshore markets depending on, among other things, market conditions, our business needs and our financial conditions subject to compliance with applicable regulatory requirements. Based on the above, our Directors believe that we have the ability to obtain financing independently which can be used to finance our operation and development.

For further information, see "Financial Information – Indebtedness – Borrowings" and Note 28 of the Accountants' Report set out in Appendix I.

CORPORATE GOVERNANCE

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We have adopted and will continue to adopt the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our single largest Shareholder, Mr. Li:

(a) where a Board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Directors or Mr. Li or any of their respective close associates has a material interest, the relevant Director or Mr. Li will abstain from voting 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 Mr. Li or any of his close associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and Mr. Li (the "**Annual Review**") and provide impartial and professional advice to protect the interest of our minority Shareholders;

(d) Mr. Li 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;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements (as the case may be);

(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 Lego Corporate Finance Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as 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 that may arise between our Group and our single largest Shareholder, Mr. Li, and to protect our minority Shareholders' interests after the **[REDACTED]**.