OVERVIEW

As of the Latest Practicable Date, our Company was held as to 46.71% by Transsion Investment. Pursuant to the articles of association of Transsion Investment, Mr. Zhu is entitled to exercise 67.00% of its voting rights, despite holding only 20.68% of its equity interests. For further details, please refer to the paragraphs headed "History and Corporate Structure — Corporate Structure" in this document.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised), Mr. Zhu, through Transsion Investment, will be entitled to exercise [**REDACTED**]% of the voting power at general meetings of our Company. Therefore, upon [**REDACTED**], Transsion Investment and Mr. Zhu will together constitute a group of our Controlling Shareholders under the Listing Rules.

Apart from the business of our Group, Mr. Zhu also has majority interest in Yiwill Holdings Limited (深圳易為控股有限公司) ("**Yiwill Holdings**" and its associates (collectively, "**Yiwill Holdings Connected Persons**"). For details of its shareholding structure, see "Connected Transactions — Connected Persons". Further details of the business of Yiwill Holdings Connected Persons and reason for their exclusion from our Group are set out below:

Delineation of business

We principally engage in the design, R&D, manufacturing, sales and brand management of smart devices, with a focus on mobile phones and in Africa and other emerging markets. For details of our business, see "Business". Yiwill Holdings Connected Persons engage in a broad range of businesses, including retail of electronic products, LED lighting products and household appliances in the African market.

Our Group and Yiwill Holdings Connected Persons operate under fundamentally distinct business models and market positioning with no horizontal competition between them. Our Group adopts an integrated business model comprising R&D, production and sales of self-designed products (including mobile phones and other products) primarily under our own brands through distributors. Consequently, our product portfolio focuses on our own brands, and we maintain a significant R&D commitment. Our R&D expenses were approximately RMB2,255.98 million, RMB2,516.63 million and RMB2,950.23 million for the years ended December 31, 2023, 2024 and 2025, respectively. In contrast, Yiwill Holdings Connected Persons purely engages in third-party retail, primarily targeting retail customers, and does not participate in R&D or production of mobile phones and other products for its product retail business. Under such retail-oriented business model, Yiwill Holdings Connected Persons offer a diverse portfolio of multiple third-party brands, among which our branded products only represent a part of their overall product offerings. Accordingly, the businesses of our Group and Yiwill Holdings Connected Persons are vertically complementary along the industry value chain rather than horizontally competitive.

Based on the above, our Directors are of the view that our Group's business are clearly delineated from Yiwill Holdings Connected Persons in terms of business model.

Our Company is managed and operated independently from Yiwill Holdings Connected Persons. All key administrative functions of our Group (including administration, accounting and finance and human resources management) have been, and will continue to be, handled by our own personnel, independent of and without support of Yiwill Holding Connected Persons. As of the Latest Practicable Date, neither Mr. Zhu nor any of our Company's core management team members holds any position in Yiwill Holdings Connected Persons.

Given the clear business delineation and independence of management team, we do not consider that the businesses of Yiwill Holdings Connected Persons compete or are likely to compete with the business of our Group.

Save as disclosed above, as of the Latest Practicable Date, each of our Controlling Shareholders confirms that he/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

For the purpose of the listing of our A Shares on the STAR Market and in order to avoid any potential competition between our Group and our Controlling Shareholders, each of our Controlling Shareholders provided non-competition undertakings in favor of our Company, pursuant to which each of our Controlling Shareholders has undertaken that:

(i) during the period in which our Controlling Shareholders directly or indirectly holds Shares in the Company, our Controlling Shareholders shall not engage, by way of equity participation, share control, association, joint venture, cooperation or others, in any business that is the same as, similar to, or constitutes a substantial competition to the current and future scope of business of the Company; and

(ii) if any of our Controlling Shareholders breaches the above undertaking, the Company shall have the right to require such Controlling Shareholder to perform the above undertaking in accordance with the law, and to compensate the Company for all losses incurred as a result; any benefits obtained by such Controlling Shareholder from breaching the above undertaking shall belong to the Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and his/its close associates upon [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will comprise 10 Directors, including six executive Directors and four independent non-executive Directors. Save for Mr. Zhu who is our Controlling Shareholder, an executive Director, the chairman of our Board and general manager, none of our Directors or members of the senior management is a Controlling Shareholder or holds any directorship or executive position in our Controlling Shareholders' close associates.

Although Mr. Zhu is our Controlling Shareholder, an executive Director, the chairman of our Board and general manager, our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise as set out in the section headed "Directors and Senior Management" in this document. Also, when preforming his duties as a Director, Mr. Zhu has been and will continue to be supported by the separate and senior management team of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board. For details, please refer to the section headed "Directors and Senior Management" in this document. In addition, our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iii) 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 close 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;

(iv) all of the other Directors are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we will have four independent non-executive Directors upon [**REDACTED**], comprising no less than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their close associates after [**REDACTED**].

Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to our suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business independently, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Our Group entered into certain continuing connected transactions with Yiwill Holdings Connected Persons and Yimei Hotel Connected Persons which will continue after the completion of the [**REDACTED**], details of which are set out in the section headed "Connected Transactions" in this document. All such transactions have been determined after arm's length negotiations and on normal commercial terms or better, and will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(1) of the Listing Rules that will be fully exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Despite our certain connected transactions with Yiwill Holdings Connected Persons, all essential administration, daily operations and decision-makings of our Company are carried out by our management team with the support from an experienced team of staff employed by our Company. For details, please refer to the section headed "Connected Transactions" in this document.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [**REDACTED**].

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their respective close associates to provide financial assistance to our Group. We have independent access to third party financing and, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates provided any other loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) 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, unless otherwise provided, a Director shall abstain 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;

(ii) where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules; and

(iv) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We will have four independent non-executive Directors upon [**REDACTED**], and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document.

We have appointed Red Sun Capital Limited as our compliance advisor, which 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.