
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Introduction, Mr. Bin Li, our founder, chairman and chief executive officer, will be interested in and will control through (a) Originalwish Limited, 89,013,451 Class C ordinary shares (representing approximately 59.9% of the issued Class C ordinary shares and voting power of Class C ordinary shares), (b) mobike Global Ltd., 26,454,325 Class C ordinary shares (representing approximately 17.8% of the issued and outstanding Class C ordinary shares and voting power of Class C ordinary shares) and (c) NIO Users Limited, 16,967,776 Class A ordinary shares (representing approximately 1.1% of the issued Class A ordinary shares and voting power of Class A ordinary shares) and 33,032,224 Class C ordinary shares (representing approximately 22.2% of the issued Class C ordinary shares and voting power of Class C ordinary shares). All of Mr. Bin Li, Originalwish Limited, mobike Global Ltd. and NIO Users Limited are a group of controlling shareholders of the Company.

On November 29, 2021, a share swap was effected between Originalwish Limited and NIO Users Limited, pursuant to which 4,778,523 Class A ordinary shares were transferred from Originalwish Limited to NIO Users Limited, and the same amount of Class C ordinary shares were transferred from NIO Users Limited to Originalwish Limited. The share swap was conducted as part of the NIO Users Trust's ongoing plan to increase its portion of Class A ordinary shares in order to allow for more flexibility in obtaining financing and source of funding for the operations of the trust.

Originalwish Limited and mobike Global Ltd. are BVI companies wholly owned by Mr. Bin Li. NIO Users Limited is a holding company controlled by NIO Users Trust, a trust of which Mr. Bin Li is the Settlor, Protector, Investment Advisor and the only existing de facto beneficiary. Mr. Bin Li, as the Settlor and Investment Advisor, has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by NIO Users Limited in our Company. For more details in relation to the NIO Users Trust and Mr. Li retaining sole control of the voting rights attached to the Shares, including Class C ordinary shares, controlled by NIO Users Trust, please refer to "Relationship with the Controlling Shareholders – Powers, Rights and Obligations in NIO Users Trust."

Excluding 23,279,058 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans and assuming no additional Shares are issued under the Stock Incentive Plans and between the Latest Practicable Date and the Listing, Mr. Bin Li's aggregated shareholding will be approximately 9.9% of our issued share capital and he will hold approximately 44.5% of the voting rights in the Company through shares capable of being exercised on resolutions in general meetings. Therefore, Mr. Bin Li will be a Controlling Shareholder after the Listing. For more information on Mr. Bin Li's shareholding, please see "Major Shareholders."

Powers, Rights and Obligations in NIO Users Trust

Mr. Bin Li is the Settlor, the Protector, the Investment Advisor and the only existing de facto beneficiary of NIO Users Trust and continues to retain the voting rights of the Shares controlled by NIO Users Trust and held by NIO Users Limited. Mr. Li has been the only existing de facto beneficiary who has been specifically named and identified under the trust deed (the "**Trust Deed**") of NIO Users Trust and has full control over the NIO Users Trust as the sole Settlor, sole Protector and sole Investment Advisor since its establishment, although two other categories of beneficiaries were written in the Trust Deed, including (i) charities (which refers to any company, body or trust which is (a) charitable in the place where it is situated, registered, incorporated or established and (b) charitable under the laws of the Cayman Islands) and (ii) any person or class of persons added to the class of beneficiaries by

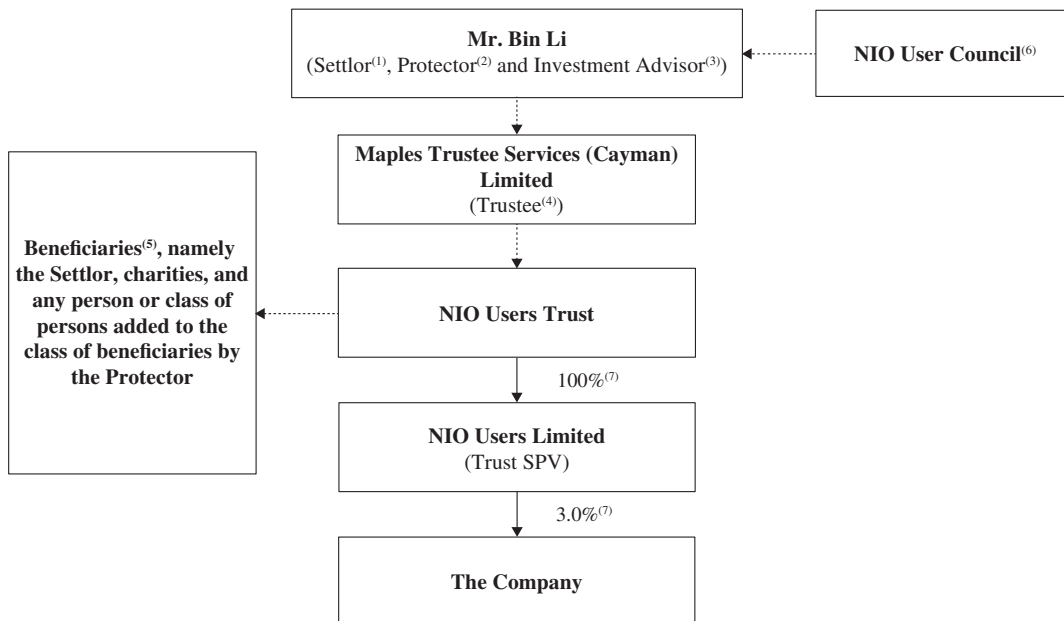
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the Protector by deed delivered to the trustee. As of the Latest Practicable Date, no charity has been identified as the beneficiary and no other person or class of persons has been added by Mr. Li as the Protector to the class of beneficiaries. Ms. Shân Warnock-Smith QC, the Company's expert Cayman Islands attorney, advised that Mr. Li (i) possesses sole control over the voting rights attached to the Shares, including Class C ordinary shares, held by NIO Users Limited and (ii) is the only person with economic interest in the trust fund.

As illustrated below, any changes to the roles of the (i) Protector, (ii) Investment Advisor or (iii) beneficiary of NIO Users Trust will have material impact on the WVR structure of the Company due to the power entrusted to them (in the case of the Investment Advisor and the Protector) or the economic interests vested in them (in the case of the beneficiary) in the Class C ordinary shares held by NIO Users Limited. Upon the change of any of such roles to any person other than Mr. Bin Li, the beneficial ownership of, or the economic interest in, the WVR shares or the control over the voting rights attached to the shares held by NIO Users Trust will no longer be solely vested in Mr. Bin Li. Mr. Bin Li may cease to be a Protector or Investment Advisor in the event of death, resignation by written notice to the trustee, or refusal, unfitness or incapacity to act. In such circumstances, the WVR shares held by NIO Users Trust will be automatically converted to Class A ordinary shares pursuant to Rule 8A.18(1).

The Company undertakes to make appropriate disclosure in its annual report, interim report and its quarterly earnings release after its Listing to keep the investors informed of any material changes to these roles of NIO Users Trust.

The powers, rights and obligations and the mechanisms for the appointment and change of, and the relationships between, the various roles under the NIO Users Trust are illustrated below.



Notes:

- (1) **Powers, rights and obligations of the Settlor:** The Settlor has the power to direct, by written notice, the trustee to exercise the shareholders powers (meaning all voting and other powers attributable to shares (and voting powers including powers to direct the voting of shares held by a nominee)) held by the trustees in relation to the appointment and removal of directors of NIO Users Limited. This power is not fiduciary in nature and may be exercised in the Settlor's own interests without regard to the interests of any of the beneficiaries.

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- (2) ***Powers, rights and obligations of the Protector:*** The Protector has the powers to (i) appoint and remove trustee by deed, (ii) direct, in writing, the trustee to pay or apply the income from the trust assets to or for the benefit of any beneficiary under the trust, with the trustee having an obligation to accumulate the remainder of the income of the trust assets, and (iii) direct the trustee to exercise the powers relating to the beneficial use of trust property as set out in the Trust Deed which shall not otherwise be exercisable by the trustee while there is a Protector in office. Furthermore, the Protector is also conferred with the powers of appointment, resettlement and advancement. Further, the Protector has the same rights as life tenant beneficiaries of an ordinary trust to receive information concerning the trust and its administration from the trustee and to inspect and take copies of trust documents. The powers of the protector, except the power of appointment, resettlement and advancement, are fiduciary in nature. ***Mechanism for the appointment and change of the Protector:*** According to the Trust Deed, the Settlor (i.e. Mr. Bin Li) shall be the first Protector of the trust. There should only be one protector at any one time. The Protector may in writing, by giving written notice to the trustee, appoint a successor or nominate a person to become the Protector on his ceasing to be a Protector. A person ceases to be a Protector in the event of death, resignation by written notice to the trustee or refusal, unfitness or incapacity to act. If at any time there is no Protector able or willing to act, the trustee has the power to appoint a new Protector. Since the establishment of the trust, Mr. Bin Li has been the only Protector of the trust. As of the Latest Practicable Date, Mr. Bin Li has no intention to exercise his powers as the Protector under the Trust Deed to appoint a successor or nominate a person to become the Protector on his ceasing to be a Protector, and intends to continue to be the sole Protector of the trust.
- (3) ***Powers, rights and obligations of the Investment Advisor:*** The Investment Advisor has the power to direct the trustee to exercise any investment powers, including (without limitation) all voting powers attributable to shares held by the trust and not reserved to the Settlor. The powers of the Investment Advisor are not fiduciary in nature and may be exercised without regard to the interest of any of the beneficiaries, except that the Investment Advisor may not exercise those powers to benefit himself except on arm's length terms. ***Mechanism for the appointment and change of the Investment Advisor:*** According to the Trust Deed, the Settlor (i.e. Mr. Bin Li) shall be the first Investment Advisor of the trust. There should only be one Investment Advisor at any one time. The Investment Advisor may in writing, by giving written notice to the trustee, appoint a successor or nominate a person to become the Investment Advisor on his ceasing to be an Investment Advisor. A person ceases to be an Investment Advisor in the event of death, resignation by written notice to the trustee or refusal, unfitness or incapacity to act. If at any time there is no Investment Advisor able and willing to act, the Protector has, during his lifetime and while not mentally incapable, the power to appoint a new Investment Advisor. Subject to the Protector's power, if at any time there is no Investment Advisor able and willing to act, the trustee has the power to appoint a new Investment Advisor. Since the establishment of the trust, Mr. Bin Li has been the only Investment Advisor of the trust. As of the Latest Practicable Date, Mr. Bin Li has no intention to exercise his powers as the Investment Advisor under the Trust Deed to appoint a successor or nominate a person to become the Investment Advisor on his ceasing to be an Investment Advisor, and intends to continue to be the sole Investment Advisor of the trust.
- (4) ***Powers, rights and obligations of the trustee:*** The trustee has the power to exercise general administrative power under the Trust Deed and general law. Further, the trustee has the powers to, on the direction of the Settlor, the Protector or the Investment Advisor (as the case may be), (i) exercise voting and other powers attributable to shares held upon the terms of the trust in relation to the appointment and removal of directors of NIO Users Limited (as directed by the Settlor), (ii) pay or apply the income from the trust assets to or for the benefit of any beneficiary under the trust (as directed by the Protector), with an obligation to accumulate the remainder of the income of the trust assets, (iii) exercise the powers relating to the beneficial use of trust property (as directed by an appointment made by the Protector), and (iv) exercise any powers of investment or ancillary to investment (as directed by the Investment Advisor). In addition to these powers the trustee has the power, with the written consent of the Protector to change the governing law of the trust and the power and duty to appoint a new Protector (if at any time there is no Protector able and willing to act) and, subject to the Protector's power to do so, a new Investment Advisor (if at any time there is no Investment Advisor able and willing to act). Finally, the trustee has the right to resign as trustee and, if the Protector has not appointed a replacement trustee within the prescribed notice period, to appoint a replacement trustee. ***Mechanism for the appointment and change of the trustee:*** According to the Trust Deed, a trustee may be appointed and removed for any reason by the Protector by deed. If there is either a Protector or another trustee(s), a trustee can (i) give two months' written notice to the Protector and the other trustee(s) (if any) of his or her intention to retire as trustee and (ii) the Protector (if any) has not appointed a replacement trustee within the notice period, then (a) if there remains at least one trustee, the retiring trustee shall be discharged on the expiry of the notice period or, (b) if the retiring trustee is the sole trustee, he or she may appoint a replacement by deed. As of the Latest Practicable Date, Mr. Bin Li, as the Protector, has no intention to change the trustee of NIO Users Trust before or after the Listing.

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- (5) **Powers, rights and obligations of the beneficiaries:** Beneficiaries under the trust have no proprietary interests in a trust fund, having only a “right to be considered” for benefit and to compel due administration of the trust. **Mechanism for the appointment and change of the beneficiaries:** According to the Trust Deed, beneficiaries are defined to be (i) the Settlor (i.e. Mr. Bin Li), (ii) charities, and (iii) any person or class of persons added to the class of beneficiaries by the Protector by deed delivered to the trustees. The Protector can also exercise his power of appointment to instruct the trustee to remove any class(es) of beneficiaries.
- (6) **Powers, rights and obligations of the NIO User Council:** The NIO User Council plays an advisory role to the Settlor, Protector and Investment Advisor of the trust, and any recommendation of the NIO User Council will be considered and if thought fit by Mr. Bin Li, implemented by the trustee as directed by Mr. Bin Li. **Mechanism for the appointment and change of NIO User Council members:** Pursuant to the Articles of Association of NIO Users Trust, NIO Users Council members are the board of directors of the NIO Users Trust, which include the Protector of the trust and eight user members (“**User Member(s)**”) who are NIO vehicle owners. Each User Member shall serve a term of two years and shall be entitled to be re-elected upon expiration of his or her term. Every year, four User Members will retire and an election will be held. Retiring members are eligible for re-election. NIO vehicle owning users will voluntarily register for election after receiving the notice of recruitment from the NIO User Council members. The NIO User Council will, according to the registration situation, elect nine candidates to enter the final election of the community through internal voting by the NIO User Council members who will not participate in the re-election. All NIO vehicle owners are entitled to vote and each NIO vehicle owners can vote for four of the nine candidates. When a NIO vehicle owner supports a candidate, its NIO points shall be accrued towards the votes for such supported candidate. Candidates with top four vote counts will become the next User Members of NIO Users Council. Mr. Bin Li, as the Protector of the trust, is a permanent NIO User Council member while the rest of the eight User Members will be subject to the retirement and (re-)election mechanism as set out above.
- (7) Equity interests as of November 30, 2021.

INDEPENDENCE FROM 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 their close associates after the Listing.

Management Independence

Our business is managed and conducted by our board and senior management. Our board consists of six directors, of whom three are independent directors unrelated to our Controlling Shareholders. For more information, please see “Directors and Senior Management.”

Our directors consider that our board and senior management will function independently of our Controlling Shareholders because:

- (a) each director is aware of their fiduciary duties as a director, which require, among other things, that they act for the benefit, and in the interest, of our Company and does not allow any conflict between their duties as a director and their personal interests;
- (b) our daily management and operations are carried out by members of our senior management team, all of whom have substantial experience in our Group’s business and/or the industry in which we operate, and will be able to make decisions that are in the best interest of our Group;
- (c) we have three independent directors and certain matters of our Company will always be referred to them for review and/or approval;

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- (d) 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 meeting(s) in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders that would support our independent management; see “— Corporate Governance Measures” in this section for further information.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group (through our subsidiaries and consolidated affiliated entities) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently of our Controlling Shareholders. Our access to, and relationship with, our customers and suppliers are independent of our Controlling Shareholders, and we have an independent management team that operates our business.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function, and an audit committee comprising solely of independent directors to oversee our accounting and financial reporting processes. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be outstanding as of the Latest Practicable Date.

Based on the above, our directors believe that our board as a whole and together with our senior management team are able to manage, operate and carry on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

DISCLOSURE UNDER RULE 8.10 OF THE HONG KONG LISTING RULES

Our Controlling Shareholders and/or our directors may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which all of our business segments also operate. As our Controlling Shareholders and/or directors have no executive or shareholding control over any of these entities, and these entities have separate businesses with separate management and shareholder bases that control their entities, our Controlling Shareholders will not inject any of their interested entities into our Group; and to the extent our directors hold non-executive board positions or make minority investments in these entities, we believe that this strengthens the experience and diversity of our directors, as a group, and signifies their passion for the industries in which we operate.

Our Controlling Shareholders and directors confirm 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 that would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

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CORPORATE GOVERNANCE MEASURES

Our directors recognize the importance of good corporate governance in protecting our shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) 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 expense;
- (b) we have appointed Guotai Junan Capital 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 Hong Kong Listing Rules, including various requirements relating to corporate governance;
- (c) we have established our audit committee, compensation committee, nominating and corporate governance committee with written terms of reference in compliance with the rules of the NYSE. All of the members of our audit committee, including the chairman, are independent directors; and
- (d) the terms of reference of our nominating and corporate governance committee are also consistent with Code Provision A.2.1 of Appendix 14 to, and Rule 8A.30 of, the Hong Kong Listing Rules;

Based on the above, our directors are satisfied that we have sufficient corporate governance measures in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.