
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Our Controlling Shareholders, Dr. Li, Ms. Li and Dr. Lei and their respective wholly-owned investment holding companies (namely, Mobvoi Limited, Mobvoi AGI Limited, AGI Limited, AGI Management Limited, CMWW Limited, CMWW AGI Limited, Wen&Hui Limited, W&H Management Limited and Amberlei Limited), is a group of persons and entities acting in concert with each other. Dr. Li is the founder of our Company and Ms. Li is a co-founder. Ms. Li is a friend of Dr. Li and Dr. Lei is Dr. Li’s ex-colleague. Over the course of our business history, Dr. Li, Ms. Li and Dr. Lei have, in exercising and implementing the management and operation of our Group, been acting in concert with each other. These arrangements were not formalized in writing prior to December 1, 2019, and each of our Controlling Shareholders had no disagreement with these arrangements based on their personal relationships, as well as the trust and confidence they have in each other. On December 1, 2019, Dr. Li, Ms. Li, Dr. Lei, Mobvoi Limited, CMWW Limited and Amberlei Limited entered into an acting-in-concert agreement (the “**AIC Agreement**”), pursuant to which the Controlling Shareholders undertake, among other things, that they will be acting in concert with each other in respect of the matters of our Group until the date when the AIC Agreement is amended or terminated by mutual consent of the parties thereto. On 21 December 2023, Dr. Li, Ms. Li, Dr. Lei, Mobvoi Limited, Mobvoi AGI Limited, AGI Limited, AGI Management Limited, CMWW Limited, CMWW AGI Limited, Wen&Hui Limited, W&H Management Limited and Amberlei Limited further executed an acting-in-concert supplemental agreement, pursuant to which the Controlling Shareholders reaffirm and undertake the aforesaid acting-in-concert arrangements.

As of the Latest Practicable Date, the Controlling Shareholders collectively were interested in 32.74% of the total issued share capital of our Company, comprising (i) Shares representing 26.72% of the issued share capital of our Company directly held by Mobvoi AGI Limited; (ii) Shares representing 3.02% of the issued share capital of our Company directly held by CMWW AGI Limited; and (iii) Shares representing 3.00% of the issued share capital of our Company directly held by Amberlei Limited.

Following the completion of the [REDACTED] (assuming that (i) the [REDACTED] is not exercised; and (ii) each Preferred Share is converted into one Share, without taking into account any Shares that may be issued under the [REDACTED] Share Option Scheme), the Controlling Shareholders will be interested in [REDACTED]% of the enlarged issued share capital of our Company, comprising (i) Shares representing [REDACTED]% of the issued share capital of our Company directly held by Mobvoi AGI Limited; (ii) Shares representing approximately [REDACTED]% of the issued share capital of our Company directly held by CMWW AGI Limited; and (iii) Shares representing [REDACTED]% of the issued share capital of our Company directly held by Amberlei Limited.

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For more details of the members of our Controlling Shareholders, please refer to the sections headed “History, Reorganization and Corporate Structure” and “Directors and Senior Management” of this document.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competed or was likely to compete, directly or indirectly, with our business or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of carrying on our business independently from our Controlling Shareholders and/or their respective close associates after the [REDACTED], based on the following factors:

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises of two executive Directors and three independent non-executive Directors. For more information, please refer to the section headed “Directors and Senior Management.” Notwithstanding that our executive Directors, Dr. Li and Ms. Li, are members of our Controlling Shareholders, our Directors are of the view that our Company is capable of maintaining management independence due to 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) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (c) 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 close associates, the interested Director(s) is required to declare the nature of such interest and abstain from voting at the relevant Board meetings of our Company in respect of such transactions;

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- (d) Our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with our Controlling Shareholders or their respective close associates; (ii) our independent non-executive Directors account for more than half of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; 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 which would support our independent management. For details, please refer to the paragraph headed "— Corporate governance measures" in this section.

Based on the above, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the [REDACTED].

Operational independence

We have full rights to make business decisions and to carry out our business independently from our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and their respective close associates after the [REDACTED]:

- (a) we are in possession of all key technologies and intellectual properties relating to our Group's business;

- (b) we are the holder of all relevant licenses material to the operation of our business;

- (c) we have independent access to our customers and suppliers;

- (d) we have sufficient capital, facilities, devices and employees to operate our business independently from our Controlling Shareholders;

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- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and
- (f) none of our Controlling Shareholders or their respective close associates have any interests in any business which competes or is likely to compete with the business of our Group.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and currently do not expect there will be transactions between our Group and our Controlling Shareholders following the [REDACTED].

Financial independence

Our Directors are of the view that we are financially independent of our Controlling Shareholders and/or their close associates for the following reasons:

- (a) we have an independent financial reporting system and make financial decisions according to our Group's own business needs independently. We have internal control and accounting systems and an independent finance department for discharging the treasury function; and
- (b) we have sufficient capital to operate our business independently. As of the Latest Practicable Date, there was no outstanding loan, guarantee or other forms of collateral or security provided by, or granted to, our Controlling Shareholders. We are capable of obtaining, if necessary, financing from Independent Third Parties banks without relying on any guarantee or security provided by our Controlling Shareholders and/or their close associates.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and/or their close associates and there will not be any financial dependence on our Controlling Shareholders and/or any of their respective close associates upon the [REDACTED].

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CORPORATE GOVERNANCE MEASURES

We would 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) our Articles of Association provides that a Director who is in any way materially interested in an actual or proposed contract or arrangement with the Company shall declare the nature of his or her interest at the earliest meeting of the Board at which he or she may practically do so;
- (b) our Articles of Association also provide that, subject to certain exceptions, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which such Director or any of his or her close associates has a material interest, and if such Director does so, his or her vote shall not be counted, nor shall such Director be counted in the quorum for that resolution;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholders or any of his or her close associates, our Company will comply with the applicable Listing Rules;
- (d) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholder;
- (e) our 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 the independent non-executive Directors for the purpose of their annual review;
- (f) 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 required by the Listing Rules;
- (g) 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 expenses;

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- (h) we have established our Audit Committee, Nomination Committee and Remuneration Committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules; and
- (i) we have appointed Altus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient and effective measures have been put to manage conflicts of interests that may arise between our Group and our Controlling Shareholders and that we are able to operate independently from our Controlling Shareholders.