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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), 1,733,612,127 Class A Ordinary Shares, representing approximately (i) 53.92% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters), and (ii) 12.16% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters, will be held by Everest Robotics Limited, which is held by Bigsur Robotics Limited as to 99% and Horizon Robotics, Inc. as to 1%. Horizon Robotics, Inc. is wholly-owned by Dr. Yu. Bigsur Robotics Limited is wholly-owned by Trident Trust Company (HK) Limited as the trustee of Rock Street Trust, the family trust established by Dr. Yu (as settlor) for the benefit of Dr. Yu and his family. Accordingly, Dr. Yu, Everest Robotics Limited and Horizon Robotics, Inc. together will constitute as a group of Controlling Shareholders of our Company after the Listing.

Rock Street Trust is a family trust arrangement formed for the benefit of Dr. Yu and his family, instead of an entity with legal rights or authority to directly or indirectly exercise the voting rights of the Company. Trident Trust Company (HK) Limited is a professional trust administrator for Rock Street Trust and is independent from Dr. Yu. Bigsur Robotics Limited is a company established by Trident Trust Company (HK) Limited to act as its nominee to hold the interests of our Company involved under the Rock Street Trust. This is a trust structure commonly adopted by professional trust administrators such as Trident Trust Company (HK) Limited. Dr. Yu is not a director of Bigsur Robotics Limited and he will not be involved in the daily operation of Bigsur Robotics Limited. Instead, according to the articles of association of Bigsur Robotics Limited, the right to appoint or remove a director is vested with Trident Trust Company (HK) Limited and its directors, which are independent from Dr. Yu. Therefore, notwithstanding the presence of family trust arrangement under the Rock Street Trust, Dr. Yu does not have any actual control over Bigsur Robotics Limited, and each of Trident Trust Company (HK) Limited and Bigsur Robotics Limited is solely used for administrative purposes with a view to facilitating the management of Rock Street Trust. As a result, none of Bigsur Robotics Limited, Trident Trust Company (HK) Limited or Rock Street Trust constitutes a controlling shareholder of our Company.

### RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had 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.

### INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the Listing.

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### **Operational Independence**

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to suppliers and customers, as well as our own registered patents which can be used for our research and development. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

### **Management Independence**

Our management and operational decisions are made by the Board in a collective manner. The Board comprises twelve Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (a) all members of the Board and senior management other than Dr. Yu are independent from the Controlling Shareholders and their respective close associates. They have substantial experience in the industry as further described in the section headed “Directors and Senior Management”, which will enable them to discharge their duties independently from the Controlling Shareholders;
- (b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

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- (d) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

### Financial Independence

We have a financial department independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-IPO Investment from third party investors independently. For details of the Pre-IPO Investment, see "History, Reorganization and Corporate Structure." As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

### CORPORATE GOVERNANCE MEASURES

In light of this, the Company has established a corporate governance committee pursuant to Rule 8A.30 which has adopted terms of reference consistent with Code Provision A.2.1 in Part 2 of Appendix C1 to, and Rule 8A.30 of, the Listing Rules effective upon Listing. The members of the corporate governance committee are independent non-executive Directors with experience in overseeing corporate governance related functions of private and listed companies. The primary duties of the corporate governance committee are to ensure that the Company is operated and managed for the benefit of all shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to its WVR structure.

We will also adopt the following corporate governance measures to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close 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;
- our Group has established internal control mechanisms to identify connected transactions. Upon the Listing, if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

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- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- 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
- we have appointed Somerley Capital Limited as our Compliance Adviser, who 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, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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 Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.