## OUR CONTROLLING SHAREHOLDERS

Mr. Li Gangjiang (李鋼江) (chairman of the Board, an executive Director and the chief executive officer of our Company) and Ms. Ni Qiong (倪瓊) effect control over our Company through Shareholders which are their close associates and jointly controlled by them (the "**Management Shareholders**"), namely:

(a) Covision Venture Capital, a company ultimately controlled by Mr. Li Gangjiang and Ms. Ni Qiong[1];

(b) Bai Sai Fund, a limited partnership of which the general partner is Covision Private Equity, a company ultimately controlled by Mr. Li Gangjiang and Ms. Ni Qiong;

(c) Shanghai Semi-Tech No. 1, Shanghai Semi-Tech No. 2, Shanghai Semi-Tech No. 3 and Shanghai Semi-Tech No. 5, each being a limited partnership of which the general partner is Covision Venture Capital; and

(d) Hainan Semi-Tech No. 2, Hainan Semi-Tech No. 4 and Hainan Semi-Tech No. 5, each being a limited partnership of which the general partner is Covision Private Equity, a company ultimately controlled by Mr. Li Gangjiang and Ms. Ni Qiong.

To further consolidate the control over the management shareholders of the Company and enhance the efficiency of the shareholder decision-making process, Covision Venture Capital and Shenzhen He Xing entered into an acting-in-concert agreement (the "**Acting-in-concert Agreement**") in 2022. Pursuant to the Acting-in-concert Agreement, Shenzhen He Xing agreed to be under the actual control of Covision Venture Capital over the Group's daily operations and major decision-making. Shenzhen He Xing will support Covision Venture Capital and act in concert with it in making various financial and operational decisions related to the Group, including but not limited to amendments to the Company's articles of association; medium-and long-term development planning, business policies, investment plans, and financing plans; annual financial budgets, final accounts, profit distribution and loss compensation plans; increases or decreases in registered capital, mergers, divisions, dissolutions, liquidations, or changes in corporate form; and significant changes or adjustments to the nature of the Company's business.

As of the Latest Practicable Date, Covision Venture Capital, which controlled approximately 46.25% of the voting rights in the issued share capital of the Company, was acting in concert with Shenzhen He Xing, which held approximately 0.48% of the issued share capital of the Company. Therefore, Covision Venture Capital and Shenzhen He Xing together had an interest in approximately 46.73% of the Company's voting rights and were entitled to exercise control over them. Mr. Li Gangjiang and Ms. Ni Qiong, through the Management Shareholders, were entitled to control the voting rights of approximately 48.63% of the issued share capital of our Company.

Immediately upon [**REDACTED**] of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares to be [**REDACTED**] under the Pre-[**REDACTED**] Share Option Schemes), the Controlling Shareholders will together control the voting rights of approximately [**REDACTED**] of the total issued share capital of our Company. Accordingly, Mr. Li Gangjiang and Ms. Ni Qiong, together with the Management Shareholders (namely Covision Venture Capital, Bai Sai Fund, Shanghai Semi-Tech No. 1, Shanghai Semi-Tech No. 2, Shanghai Semi-Tech No. 3, Shanghai Semi-Tech No. 5, Hainan Semi-Tech No. 2, Hainan Semi-Tech No. 4 and Hainan Semi-Tech No. 5), Shanghai Jerry and Jenny, Jia Jia Holding, Covision Private Equity and Shenzhen He Xing will be a group of Controlling Shareholders of our Company upon [**REDACTED**].

(1) As of the Latest Practicable Date, the general partner of Covision Venture Capital was Covision Private Equity, which was 100% owned by Jia Jia Holding, which was owned as to 98% and 2% by Shanghai Jerry and Jenny and Ms. Ni Qiong, respectively. Shanghai Jerry and Jenny was under the joint management of Mr. Li Gangjiang and Ms. Ni Qiong, of which Mr. Li Gangjiang was the general partner holding 98% of the partnership interest and Ms. Ni Qiong held 2% of the partnership interest as a limited partner. Therefore, Covision Venture Capital and Covision Private Equity were both ultimately controlled by Mr. Li Gangjiang and Ms. Ni Qiong.

Shenzhen He Xing is a limited partnership established under PRC law and managed by its general partner, Ms. Yang Fan (楊帆). As of the Latest Practicable Date, Ms. Yang Fan held approximately 90% of the partnership interest in Shenzhen He Xing. Shenzhen He Xing is principally engaged in economic and business consulting. For the background of other Controlling Shareholders, please refer to the sections headed "History, Development and Corporate Structure" and "Directors and Senior Management."

## INDEPENDENCE OF OUR BUSINESS

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

### Management Independence

We are able to carry on our business independently from the Controlling Shareholders from management perspective. Our Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Li Gangjiang, who is a member of the group of Controlling Shareholders, also serves as our executive Director.

Our Directors are of the view that our Company is able to function independently from the Controlling Shareholders for the following reasons:

1. our daily management and operations are carried out by our executive Directors and the senior management with assistance from our core technical staff, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our executive Directors and the senior management, see "Directors and Senior Management";

2. 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;

3. we have three independent non-executive Directors who (i) account for not less than one-third of the Board, (ii) do not and will not hold any directorships or management positions in our Controlling Shareholders, (iii) possess the requisite industry knowledge and experience and are qualified to provide independent, sound and professional advice to our Company, and (iv) will be responsible for deciding certain matters of our Company which must always be referred to the independent non-executive Directors for review;

4. 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, any interested Director is required to declare the nature of such interest and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

5. to support our management independence, we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. See "—Corporate Governance."

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the [**REDACTED**].

### Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Company (including through our subsidiaries) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, technology, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers and an independent management team to handle our day-to-day operations.

Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

### Financial Independence

Our Group is not financially dependent on our Controlling Shareholders, and we do not expect to rely on our Controlling Shareholders for financing after the [**REDACTED**]. Our Company has established its own independent finance department and implemented its own independent audit, accounting, internal control and financial management systems. We make financial decisions and determine our use of funds according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders. We have made tax filings and paid tax independently of our Controlling Shareholders pursuant to applicable laws and regulations. We have adequate internal resources to support our daily operations, and we are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. We also have an audit committee comprising non-executive Directors only to oversee our accounting and financial reporting processes.

No loan or guarantee has been provided by, or granted to, the Controlling Shareholders or their close associates during the Track Record Period and as of the Latest Practicable Date.

In view of our internal resources, our undrawn banking facilities, our net cash generated from operating activities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors confirm that we will not rely on our Controlling Shareholders for financing support after the [**REDACTED**]. Our Directors also believe that, upon [**REDACTED**], the sustainability of our business — as demonstrated by our results of operations and financial position during the Track Record Period — will enhance our ability to obtain or renew loans and borrowings from banks on an independent basis without the support of the Controlling Shareholders.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their close associates.

## DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company and its subsidiaries, our Controlling Shareholders and our Directors do not have any interest in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

## CORPORATE GOVERNANCE

Our Company will comply with the provisions of the CG Code, which sets out principles of good corporate governance, upon [**REDACTED**].

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

1. where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

2. our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with a member of the group of Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

3. we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and believe our independent non-executive Directors (i) possess sufficient and diverse experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

4. where our Directors reasonably request the advice of independent professionals, such as financial advisers, valuers or legal advisers, the appointment of such independent professionals will be made at our Company's expenses; and

5. we have appointed the Compliance Advisor to provide advice and guidance to us in respect of compliance with the Hong Kong 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 any conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].