OVERVIEW

As of the Latest Practicable Date, Mr. Li, our executive Director, chairman of our Board and general manager, directly held 252,169,993 A Shares, representing approximately 37.63% of our total issued share capital and approximately 37.83% of the voting power at general meetings of our Company (excluding the 3,651,617 A Shares held by our Company as treasury Shares as of the Latest Practicable Date).

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**, and excluding any A Shares issuable upon conversion of the outstanding 2022 Convertible Bonds), Mr. Li will be entitled to exercise approximately **[REDACTED]**% of the voting power at general meetings of our Company (excluding the 3,651,617 A Shares held by our Company as treasury Shares). Therefore, upon the **[REDACTED]**, Mr. Li will remain as our Controlling Shareholder under the Listing Rules. For further details of our corporate structure, see "History and Corporate Structure."

INTEREST IN COMPETING BUSINESS

Apart from the business of our Company, Mr. Li also controls companies which primarily engage in (i) equity investment; (ii) investment holdings; (iii) research and development, design, production and sales of drones (i.e. Robotics Technology); and (iv) research and development, design, production and sales of anti-drone equipment (i.e. Skyfend Technology) (the "**Other Businesses**"). Given that the Other Businesses are distinctive and separate from the business of our Group based on their business nature, product types and/or application scenarios, our Directors are of the view that there is a clear business delineation between our Group and the Other Businesses, which will not and are unlikely to compete with the business of our Group.

As of the Latest Practicable Date, Mr. Li confirms that he and his close associates 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 which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In connection with the A Share Listing, Mr. Li has executed certain non-competition undertakings in favour of our Company on November 25, 2021, pursuant to which he has undertaken that, among others:

(i) there was no overlap in the principal businesses between our Company and him or any other entities controlled by him. He and the entities controlled by him had not engaged in any competing business activities that would have a material adverse effect on our Company;

(ii) following implementation of projects by utilization of proceeds raised from the A Share Listing, there shall be no competition between our Company and him or any other entities controlled by him and no adverse impact on the independence of our Company;

(iii) he and the entities controlled by him will avoid competition with our Company. If he obtains any business opportunities which are or may be in competition with the business of our Company, he will refer such business opportunities to our Company first; and

(iv) if he fails to fulfill the above undertakings, he would indemnify the Company for any loss suffered as a result thereof.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

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

Management Independence

Upon the **[REDACTED]**, our Board will comprise seven Directors, consisting of four executive Directors and three independent non-executive Directors. Save for Mr. Li who is our Controlling Shareholder, an executive Director, chairman of our Board and our 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 Shareholder's close associates.

Although Mr. Li is our Controlling Shareholder, an executive Director, chairman of our Board and our 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 "Directors and Senior Management". Also, when performing his duties as a Director, Mr. Li has been and will continue to be supported by a separate and senior management team of the Group. The balance of power and authority is ensured by the operation of the senior management and our Board. For details, see "Directors and Senior Management" in this document. In addition, our Directors consider that our Board and senior management will function independently of our Controlling Shareholder 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 Shareholder, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we have appointed three independent non-executive Directors, comprising more 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 Shareholder and his close associates after the **[REDACTED]**.

Operational Independence

We are not operationally dependent on our Controlling Shareholder. 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 Shareholder and his 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.

We entered into certain continuing connected transactions with our Controlling Shareholder and/or his associates. For more details, please refer to "Connected Transactions" in this document. Such transactions are entered into in the ordinary and usual course of business of our Group and our Directors confirm that the terms of such transactions are determined at arm's length negotiations and are no less favorable to our Group than those offered to or from Independent Third Parties. In particular, even if the Robotics Technology Equipment Procurement Framework Agreement and/or the Skyfend Technology Equipment Procurement Framework Agreement are terminated, our Company will be able to identify other suitable equipment suppliers through fair negotiation on similar terms and conditions in line with the market terms to meet our business and operational needs without causing any undue delay, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

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

Financial Independence

We have the ability to operate independently of our Controlling Shareholder and his 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 Shareholder and his close associates.

As of the Latest Practicable Date, our payment obligations in respect of certain of our Group's leases were guaranteed by our Controlling Shareholder. The guarantee in respect of such leases are expected to be terminated before the **[REDACTED]**. For further details of guarantees provided by, or granted to, our Controlling Shareholder or his close associates during the Track Record Period, see Note 40 to the Accountant's Report in Appendix I. Save for the above, there were no outstanding loans, borrowings or guarantees provided to our Group by the Controlling Shareholder and/or his close associates. We do not rely on our Controlling Shareholder or his 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 Shareholder or his close associates.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholder and his close associates.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we have adopted or will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholder and his 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 the **[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 the **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholder or any of his associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, 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";

(v) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(vi) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholder and the compliance with such undertakings; and

(vii) We have appointed Rainbow Capital (HK) 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.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflict of interest, and to protect minority Shareholders' interests after the **[REDACTED]**.