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Application Proof of

Hozon New Energy Automobile Co., Ltd.
合眾新能源汽車股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

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IMPORTANT

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NETA

Hozon New Energy Automobile Co., Ltd.
合眾新能源汽車股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED] per H Share plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED], [REDACTED], [REDACTED], *and* [REDACTED]**

CICC 中金公司 Morgan Stanley CITIC SECURITIES 農銀國際 ABC INTERNATIONAL 招銀国际 CMB INTERNATIONAL

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The [**REDACTED**] is expected to be fixed by agreement among the [**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us on the [**REDACTED**], which is expected on to be on or around [**REDACTED**]. If, for any reason, the [**REDACTED**] is not agreed on or before 12:00 noon on [**REDACTED**], the [**REDACTED**] will not proceed and will lapse. The [**REDACTED**] will be no more than [**REDACTED**] per [**REDACTED**] and is currently expected to be no less than [**REDACTED**] per [**REDACTED**] unless otherwise announced.

The [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the indicative [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. See "Structure of the [REDACTED]" and "[REDACTED] for [REDACTED]" for further details.

The Company is incorporated, and its businesses are located, in the People's Republic of China ("**PRC**"). Potential [**REDACTED**] in the Company should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential [**REDACTED**] should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in the sections headed "Risk Factors," "Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" in Appendix IV and "Summary of the Articles of Association" in Appendix V.

The obligations of the [**REDACTED**] under the [**REDACTED**] are subject to termination by the [**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the [**REDACTED**]. See "[**REDACTED**] — [**REDACTED**] Arrangements and expenses — [**REDACTED**] — Grounds for Termination" for further details.

Prior to making an investment decision, [**REDACTED**] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors".

The [**REDACTED**] have not been and will not be registered under the [**REDACTED**] or any state securities laws of the United States and may not be offered or sold within or to the United States, or for the account or benefit of U.S. persons (as defined in [**REDACTED**]) except in transactions exempt from, or not subject to, the registration requirements of the [**REDACTED**]. The [**REDACTED**] are being offered and sold (i) solely to [**REDACTED**] pursuant to an exemption from registration under [**REDACTED**] of the [**REDACTED**] and (ii) outside the United States in offshore transactions in accordance with [**REDACTED**].

ATTENTION

We have adopted a fully electronic application process for the [**REDACTED**]. We will not provide printed copies of this document to the public in relation to the [**REDACTED**].

This document is available at the websites of our Company at **[www.hozonauto.com]** and the Hong Kong Stock Exchange at **www.hkexnews.hk**. If you require a printed copy of this document, you may download and print from the website addresses above.

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

This document is issued by us solely in connection with the [**REDACTED**] and the [**REDACTED**] and does not constitute an [**REDACTED**] to sell or a solicitation of an [**REDACTED**] to buy any security other than the [**REDACTED**] by this document pursuant to the [**REDACTED**]. This document may not be used for the purpose of making, and does not constitute, an [**REDACTED**] or invitation in any other jurisdiction or in any other circumstance. No action has been taken to permit a [**REDACTED**] of the [**REDACTED**] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a [**REDACTED**] and the [**REDACTED**] and sale of the [**REDACTED**] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make [**REDACTED**] decision. The [**REDACTED**] is made solely on the basis of the information contained and the representations made in this document. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representations not contained or made in this document must not be relied on by you as having been authorised by us, the Joint Sponsors, [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the [**REDACTED**].

CONTENTS

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

Our brand, Neta, is inspired by an ancient Chinese mythological figure who is widely known among Chinese worldwide for his youthful bravery, determination, self-transcendence and commitment to justice. This perfectly encapsulates the spirit of our Neta brand: we are a NEV technology company dedicated to making dream cars accessible for people around the world.

We are committed to becoming a leader in the global NEV industry. Through continual innovation and accurate product positioning, we have become a leading smart NEV brand in China. As we continue to pursue our global strategies, we expect international markets to continue to fuel our future growth.

According to the CIC Report, China boasts an enormous NEV market, with sales expected to grow from 8.9 million units in 2023 to 22.8 million units in 2028, while the overseas NEV market shows significant growth potential, with sales expected to increase from 5.2 million units in 2023 to 13.6 million units in 2028, representing a CAGR of 21.4%. Chinese NEV companies, who sold 0.6 million units in the overseas NEV market in 2023, are expected to sell 4.5 million units in the overseas NEV market by 2028, representing a CAGR of 48.9% from 2023.

We have been proactively exploring the overseas market, with 17,019 NEVs exported to overseas countries in 2023, which accounted for 13.7% of our total NEV sales and contributed 12.0% of our revenue in the same year. We have established a strong presence in the Southeast Asia market. According to the CIC Report, in 2023, we ranked among the top three NEV brands in Southeast Asia as measured by vehicle insurance registration. In the future, we will continue to proactively explore market potential in Latin America, the Middle East and Africa and identify and seize opportunity to expand into Europe. Our global journey is backed by our global management structure, with Hong Kong serving as our global headquarter and Shanghai as our strategic operation headquarter. For more details about our overseas expansion, see "— Our Global Expansion."

According to the CIC Report, new-generation consumers are gradually becoming the main buyers in the global NEV market. To keep pace with this trend, we position our products to cater to the needs of new-generation users globally, who value technology, style and sportiness of vehicles. We believes this enables us to continually pioneer the global NEV trend. We currently offer the following models on the global market:

- **Neta AYA series**: a small-size battery-electric SUV with two generations: Neta V and Neta AYA to target new-generation customers worldwide who are trend-conscious. In 2023, we delivered 50,095 units of Neta AYA series. According to the CIC Report, in 2023, as measured by vehicle insurance registration, Neta AYA series ranked No.1 among small-size BEVs in Southeast Asia, with a market share of 52.0%.

- **Neta X series**: a compact battery-electric SUV with two generations: Neta U and Neta X to target new-generation customers worldwide who prioritize practicality. In 2023, we delivered 46,724 units of Neta X series. According to the CIC Report, in 2023, Neta X series ranked fourth among all compact battery-electric SUVs in China as measured by vehicle insurance registration. Neta X series is expected to enter into the Thailand and Indonesia markets in July 2024, the Hong Kong market in August 2024 and the South America markets in the fourth quarter of 2024. This demonstrates our strong capabilities in global expansion.

- **Neta L**: a mid-sized range extender and battery-electric SUV for families worldwide who prioritize the intelligence and range of vehicles. Through our advanced extended-range technology, Neta L boasts an outstanding battery-electric range of up to 300 kilometers in REEV mode. Neta L has become a high-demand product upon launch, which demonstrates our deep insights into user preferences. According to the CIC Report, Neta L leads Chinese REEV SUVs in extended-range capability.

- **Neta S**: a sporty, tech-savvy sedan for new-generation customers worldwide who value a quality lifestyle. In 2023, we delivered 20,278 units of Neta S. According to the CIC Report, in 2023, Neta S ranked fourth among all mid-to-large new energy sedans in China as measured by vehicle insurance registration.

- **Neta GT**: China's first mass delivered two-door, four-seat battery-electric sports car, which targets new-generation customers worldwide who are fashion-conscious and prioritize quality and experience. We delivered 7,092 units of Neta GT in 2023 since its launch in May in the same year. According to the CIC Report, in 2023, Neta GT ranked No. 1 among all new energy sports cars in China as measured by vehicle insurance registration.

Though the prices of our vehicles generally range approximately US$15,000 and US$45,000, the most competitive NEV segment, we believe that any NEV company that has established a leading position in this market segment is expected to obtain competitive edge and achieve sustainable growth. Our ability to cater to the demands for stylish and sporty models has set us apart, enabling us to maintain high growth and significant market share. Our vehicle deliveries grew rapidly from 64,230 units in 2021 to 124,189 units in 2023, representing a CAGR of 39.0%. We have been expanding into the more profitable mid-to-high-end market segment and replicating our success in China in overseas markets. According to the CIC Report, our mid-to-high-end Neta S and Neta GT models have gained wide market acceptance, contributing to 24.6% of our total sale in 2023, as compared with 1.0% in 2022 as measured by vehicle insurance registration. The average selling prices of our vehicles increased from approximately RMB71,000 in 2021 to approximately RMB84,000 in 2022 and further to approximately RMB109,000 in 2023 and approximately RMB113,000 in the first four months of 2024.

We have an advanced research and development system and a dedicated research and development team with a wealth of core technologies in NEVs. We have established four R&D centers in Shanghai, Jiaxing, Beijing and Hong Kong. As of December 31, 2023, we had 2,132 R&D personnel, accounting for 26.9% of our total workforce. Our research and development strategy focuses on core technologies under a "core self-research + ecosystem collaboration" model, which allows us to master key technologies and components, while fully utilizing the expertise of suppliers to jointly produce high-quality products cost-efficiently. Our core R&D achievements include our Shanhai Platform and the Yunhe Platform. For details about our R&D achievements, see "— Research and Development."

We currently operate one vehicle factory in Tongxiang, China and several vehicle parts factories in China. We continually enhance the automation and intelligence levels of our factories to help ensure efficient production of high-quality products. Our flexible production capabilities allow us to manufacture multiple models using the same production line, which helps significantly improve production efficiency. Our Neta X series and Neta AYA series ranked No.1 among mid-range NEVs and entry-level NEVs, respectively, in terms of quality experience in the 2023 China Automotive Product Quality Performance Study. In the same year, Neta S ranked No.1 among mid-to-large NEVs in the quality rankings of Chinese NEVs brands. In overseas markets, we adopt production models that best suit local conditions and incentive policies requirements. Our factories in Thailand and Indonesia started production in March and May 2024, and our factory in Malaysia commenced construction in January 2024. For more details, see "— Manufacturing, Supply Chain, and Quality Control."

We have developed a standardized service process combining multiple distribution channels and scenarios to cater to diverse and evolving customer needs. In China, we rapidly expand our sales network through a combination of direct and distributor sales as well as online and offline channels. As of December 31, 2023, we had established 539 stores in China, including 114 Neta direct stores. We tailor our overseas operation structure to suit the characteristics of local markets. In larger and more competitive markets, we adopt a subsidiary and local distributors cooperation model to maintain control over brand, channels, services and user management. In up-and-coming markets with abundant agent resources, we use an authorized agent model to quickly expand market share cost-efficiently. As of December 31, 2023, we had arranged or established a total of approximately 100 sales outlets and after-sale outlets overseas.

Our Neta APP offers users a comprehensive platform that integrates content and information, social circles, remote vehicle control, vehicle purchase and maintenance and other benefits. As of December 31, 2023, our Neta APP had over 1.1 million registered users, allowing us to gain deep insights into user preferences to seize future growth opportunities. We offer flexible charging solutions to customers. As of the Latest Practicable Date, our Neta plus charging network connected more than 70,000 charging stations and 500,000 charging piles open to our vehicle owners across 339 cities in China. For details about our sales and marketing, see "— Sales and Marketing."

As our business scale grew, we achieved significant revenue growth during the Track Record Period. Our revenue increased from RMB5,086.9 million in 2021 to RMB13,554.7 million in 2023, representing a CAGR of 63.2%. We have achieved remarkable progress in our global expansion in 2023 and ranked among the top three NEV brands in Southeast Asia as measured by vehicle insurance registration. According to the CIC Report, in 2023, Neta AYA series ranked No.1 among small-size BEVs in Southeast Asia, with a market share of 52.0% as measured by vehicle insurance registration.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and growth:

- a globally-oriented positioning and footprint;
- extraordinary products catering to diverse customer needs;
- robust R&D capabilities empower highly intelligent products at competitive prices;
- highly effective platform development and supplier chain integration, achieving remarkable equilibrium among performance, quality and cost-effectiveness; and
- visionary senior management with global perspective, innovative spirit and strong execution capabilities.

OUR STRATEGIES

We pursue the following strategies to achieve our mission:

- continually deepen our overseas expansion by executing our strategies of "glocalization" and "long-termism";
- effectively identify global user needs and continually launch new vehicle models and accelerate product iterations;
- continually enhance intelligent experience through enhanced R&D innovation while maintaining cost-effectiveness;
- continually expand our sales, service and charging network worldwide to upgrade and optimize user experience; and
- offer full-scenario service ecosystem centered around user demands, exploring new commercialization potentials.

COMPETITION

We operate in a competitive environment. We compete with other NEV companies and traditional OEMs. We may also face competition from new entrants that will increase the level of competition. We believe that the primary competitive factors in our market are technological innovation, styling and design, product quality and safety, product pricing, sales efficiency, cost control, manufacturing efficiency and branding. We believe our accurate market positioning and strong product capabilities, our platform-based R&D system, our global expansion capabilities, our research and development capabilities and optimal user service enable us to capture opportunities in the Chinese and global NEV industry.

CUSTOMERS

Our customers primarily include individual vehicle purchasers, distributors and corporate vehicle purchasers. We have a broad base of customers and we do not believe that we have customer concentration risks. Our five largest customers accounted for 11.7%, 8.6% and 13.0% of our total revenues in 2021, 2022 and 2023, respectively.

Please see "Business — Customers" for more details.

SUPPLIERS

Our suppliers primarily include battery pack manufacturers, automotive electronics and service suppliers. Purchases from our five largest suppliers accounted for 31.3%, 33.1% and 33.2% of our total purchases in 2021, 2022 and 2023, respectively. Our largest supplier accounted for 13.4%, 17.7% and 18.6% of our total purchases in 2021, 2022 and 2023, respectively.

Please see "Business — Suppliers" for more details.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- We have a limited operating history, which makes it difficult to evaluate our business and future prospects;
- As we grow, we may not effectively manage our growth, which could negatively impact business and financial performance;
- Our business plans require a significant amount of capital. If we fail to obtain required external financing to sustain our business, we may be forced to curtail or discontinue our operations. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders' equity interests or include covenants that may restrict our operations or our ability to pay dividends;
- Our vehicles may not perform in line with user expectations and may contain defects;
- Our research and development efforts may not yield expected results;
- Our future growth is dependent on the consumer demand for NEVs, the prospects of which are subject to many uncertainties;
- We face risks associated with the international sale of our vehicles and our international operations. If we are unable to effectively manage these risks, our business, financial condition and results of operations may be materially and adversely affected;
- We are subject to risks associated with the rapidly evolving technologies in the NEV market; and
- Increases in costs, disruption of supply, or shortage of components and materials, could have a material adverse impact on our business.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised), our Controlling Shareholder Group will hold an aggregate of approximately [**REDACTED**] of the issued share capital of our Company and will, directly and indirectly through the AIC Arrangements with the Relevant Investors, have the right to direct the exercise of [**REDACTED**] voting rights at the general meeting of our Company. Therefore, all members of our Controlling Shareholder Group will be controlling shareholders of our Company upon completion of the [**REDACTED**].

Under the partnership agreement of Yingtong, Youwei, Taohan, Zhonghe and Zhehui and the Partnership Enterprise Law of China, and as advised by PRC Legal Adviser the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the relevant partnership. Therefore, Dr. Fang as (i) the managing partner of Yingtong and Zhehui; (ii) the ultimate majority shareholder of Shanghai Zheao, which is the managing partner of Zhonghe; and (iii) the ultimate majority shareholder of Shanghai Zheao, being the parent company of Tibet Zheao, which is the managing partner of Youwei and Taohan, is deemed to have control over each of the Dr. Fang Controlled Entities.

Furthermore, pursuant to the AIC Arrangements, Dr. Fang shall also control the voting rights at the general meeting of our Company held by the Relevant Investors. For details of the AIC Arrangements, see section headed "History and Corporate Structure — AIC Arrangements" in this document.

Therefore, all members of our Controlling Shareholder Group will be controlling shareholders of our Company.

[**REDACTED**]

We have received ten rounds of [**REDACTED**] since 2017 to support the development and operation of our business. Our [**REDACTED**] include private equity funds, government funds and other professional investment companies and strategic investors. For details of our [**REDACTED**] and their investment in us, please see section headed "History and Corporate Structure."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRSs.

Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as a percentage of our revenue for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenue	5,086,851	100.0	13,049,695	100.0	13,554,664	100.0
Cost of sales	(6,834,692)	(134.4)	(15,988,481)	(122.5)	(15,569,038)	(114.9)
Gross profit/(loss)	**(1,747,841)**	**(34.4)**	**(2,938,786)**	**(22.5)**	**(2,014,374)**	**(14.9)**
Selling and distribution expenses	(695,361)	(13.7)	(1,042,474)	(8.0)	(1,923,371)	(14.2)
General and administrative expenses	(726,699)	(14.3)	(1,047,779)	(8.0)	(1,154,126)	(8.5)
Research and development expenses	(541,041)	(10.6)	(906,242)	(6.9)	(1,597,853)	(11.8)
Net impairment losses on financial assets	(14,863)	(0.3)	(38,275)	(0.3)	(204,634)	(1.5)
Other income	155,315	3.1	125,829	1.0	167,199	1.2
Other losses, net	(934,042)	(18.4)	(103,005)	(0.8)	(30,953)	(0.2)
Operating loss	**(4,504,532)**	**(88.6)**	**(5,950,732)**	**(45.6)**	**(6,758,112)**	**(49.9)**
Finance income	24,798	0.5	144,229	1.1	166,932	1.2
Finance costs	(352,887)	(6.9)	(838,668)	(6.4)	(270,052)	(2.0)
Finance costs, net	(328,089)	(6.4)	(694,439)	(5.3)	(103,120)	(0.8)
Share of net (loss)/gain of an associate accounted for using the equity method	895	0.0	997	0.0	328	0.0
Loss before income tax	**(4,831,726)**	**(95.0)**	**(6,644,174)**	**(50.9)**	**(6,860,904)**	**(50.6)**
Income tax expense	(8,482)	(0.2)	(22,042)	(0.2)	(6,197)	(0.0)
Loss for the year	**(4,840,208)**	**(95.2)**	**(6,666,216)**	**(51.1)**	**(6,867,101)**	**(50.6)**
Loss for the year attributable to:						
Owners of the Company	(4,840,208)	(95.2)	(6,666,226)	(51.1)	(6,808,091)	(50.2)
Non-controlling interests	–	0.0	10	0.0	(59,010)	(0.4)
	(4,840,208)	**(95.2)**	**(6,666,216)**	**(51.1)**	**(6,867,101)**	**(50.6)**

Selected Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Total non-current assets	3,285,468	5,289,272	7,268,776
Total current assets	10,117,875	21,951,641	14,097,471
Total assets	**13,403,343**	**27,240,913**	**21,366,247**
Total non-current liabilities	9,908,776	1,758,380	2,346,674
Total current liabilities	9,326,296	21,547,795	16,088,756
Total liabilities	**19,235,072**	**23,306,175**	**18,435,430**
Total equity/(deficit)	**(5,831,729)**	**3,934,738**	**2,930,817**
Total equity and liabilities	**13,403,343**	**27,240,913**	**21,366,247**

The following table sets forth our current assets and current liabilities as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Current assets:			
Prepayments and other receivables	1,691,658	2,702,580	2,312,354
Trade and bills receivables	1,208,313	2,612,541	2,649,711
Restricted cash	2,285,664	4,620,586	2,609,756
Inventories	738,914	2,799,510	1,858,183
Cash and cash equivalents	3,605,708	6,757,486	2,836,595
Current portion of finance lease receivables	378,247	1,871,988	1,194,157
Financial assets at fair value through other comprehensive income	23,330	–	82,570
Financial assets at fair value through profit or loss	50,000	419,900	157,335
Contract assets	136,041	167,050	396,810
Total current assets	**10,117,875**	**21,951,641**	**14,097,471**
Current liabilities:			
Trade and bills payables	2,996,218	6,745,885	6,225,887
Borrowings	981,213	3,926,258	4,316,999
Other payables and accruals	3,542,596	10,055,306	4,871,682
Contract liabilities	388,313	463,336	333,271
Lease liabilities	40,469	263,406	216,397
Provisions	16,315	48,143	76,817
Current income tax liabilities	8,482	3,642	3,905
Advances from customers	325	41,819	43,798
Derivative financial liabilities	1,352,365	–	–
Total current liabilities	**9,326,296**	**21,547,795**	**16,088,756**
Net current (liabilities)/assets	**791,579**	**403,846**	**(1,991,285)**

For discussions about the changes in our current assets and liabilities, see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position".

Selected Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years presented.

	For the Year Ended December 31,		
	2021	**2022**	**2023**
	(in thousands of RMB)		
Net cash used in operating activities	(2,991,276)	(5,408,392)	(4,354,422)
Net cash used in investing activities	(1,239,449)	(2,194,806)	(1,896,120)
Net cash generated from financing activities	7,624,911	10,754,603	2,326,500
Net increase/(decrease) in cash and cash equivalents	3,394,186	3,151,405	(3,924,042)
Cash and cash equivalents at the beginning of the year	211,552	3,605,708	6,757,486
Effects of exchange rate changes on cash and cash equivalents	(30)	373	3,151
Cash and cash equivalents at the end of the year	**3,605,708**	**6,757,486**	**2,836,595**

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**] in, our H Shares in issue and to be [**REDACTED**] pursuant to the [**REDACTED**] on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB13,554,664,000 (equivalent to approximately HK$14,878,884,742) in the financial year ended December 31, 2023 exceeds HK$500 million, and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the low-end of the indicative [**REDACTED**], exceeds HK$[**REDACTED**].

DIVIDEND POLICY

The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, future business prospects, statutory and regulatory restrictions and other factors that the Board of Directors deems relevant. We are not allowed to distribute profits to the shareholders until we have made up our losses and made appropriations to our statutory surplus reserve and general reserves. We did not distribute any dividends during the Track Record Period because we did not have any distributable profits.

[**REDACTED**]

This document is published in connection with the [**REDACTED**] as part of the [**REDACTED**]. The [**REDACTED**] comprises of:

(a) the [**REDACTED**] of initially [**REDACTED**] (subject to reallocation) in Hong Kong as described below in the section headed "Structure of the [**REDACTED**] — The [**REDACTED**]"; and

(b) the [**REDACTED**] of initially [**REDACTED**] (subject to reallocation and the [**REDACTED**]) outside the United States in reliance on [**REDACTED**] and in the United States to [**REDACTED**] in reliance on [**REDACTED**] or other available exemption from the registration requirements of the [**REDACTED**].

The [**REDACTED**] will represent approximately [**REDACTED**] of the issued share capital of the Company immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and none of the Convertible Bonds are converted into H Shares.

RECENT DEVELOPMENTS

Except as disclosed below, there had not been, as far as we are aware, any material changes in the general economic and market conditions in the China or other markets we operate or the industry in which we operate that have had a material and adverse impact on our business operations and financial condition from December 31, 2023 and to the date of the document.

In the five months ended May 31, 2024, the sales volume of our vehicles decreased as compared to the same period in 2023. This was primarily due to our efforts over this period to rationalize and streamline our domestic production capability and global supply set-up to further our international initiatives which temporarily impacted our vehicle production. We have been pursuing a global expansion strategy to expand into overseas markets with high growth potential and have made remarkable progress on the execution of this strategy. See "Business — Our Global Expansion".

Except as disclosed above, our Directors have confirmed that as of the date of this document, there were no material changes in our financial or trading conditions or prospects since December 31, 2023, and no other matter which may have material effect on the data as set out in the Accountants' Report contained in Appendix I to this document has arisen since December 31, 2023.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**]; and (ii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of [REDACTED] per Share	**Based on an [REDACTED] of [REDACTED] per Share**
Market capitalization of our Shares(1)	[REDACTED] million	[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share(2)	HK$[REDACTED] (RMB[REDACTED])	HK$[REDACTED] (RMB[REDACTED])

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible asset per Share as of December 31, 2023 is calculated after making the adjustments referred to in Appendix II.

For the calculation of the unaudited [**REDACTED**] adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II.

WORKING CAPITAL CONFIRMATION

We had negative operating cash flow of RMB2,991.3 million, RMB5,408.4 million and RMB4,354.4 million in 2021, 2022 and 2023, respectively. Negative operating cash flows may pose certain risks for our operations, including risks related to our working capital sufficiency. See "Risk Factors — Risks Related to Our Business and Industry — We recorded gross losses and net losses, net current liabilities and negative net cash flows from operations in the past, all of which may continue in the future."

Despite that we recorded operating cash outflow during the Track Record Period, we replenished our working capital in 2024 through (i) proceeds from investments of RMB1.2 billion, (ii) long-term bank borrowings of RMB2.1 billion, and (iii) proceeds from issuance of convertible bonds of RMB1 billion.

We plan to adopt various measures to increase profitability. See "Business — Path to Profitability". Our Directors are of the view, and the Joint Sponsors concur, that, considering these measures, which we believe will enable us to generate more cash flows from operating activities, and the financial resources available to us, including our existing cash and cash equivalents on hand, unutilized bank facilities and the estimated net proceeds from the [**REDACTED**], supplemented by our strong fund-raising capabilities (including government funding), we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**]) and no exercise of the [**REDACTED**]), which accounts for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately of [**REDACTED**] million in [**REDACTED**] and HK$[**REDACTED**] in [**REDACTED**] (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining approximately HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive loss.

USE OF [**REDACTED**]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]) and assuming no exercise of the [**REDACTED**], or HK$[**REDACTED**] if the [**REDACTED**] is exercised in full, after deducting [**REDACTED**] and commissions and other estimated [**REDACTED**] paid and payable by us in relation to the [**REDACTED**].

In line with our strategies, we plan to apply the net [**REDACTED**] from the [**REDACTED**] in the following amounts and manner:

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used in our strategic expansion into overseas markets to enhance the global influence of our Neta brand;

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to enrich our product portfolio and improve our intelligent vehicle software and hardware technologies;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to expand our sales, service, and charging infrastructure network in China, as well as to fund digital marketing and user community operations; and

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for working capital and other general corporate purposes.

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in "Glossary of Technical Terms".

"**Accountant's Report**"	the accountant's report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**AIC Arrangements**"	collectively, the Yichun AIC Arrangements, the Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, the Jiaxing Xinsong AIC Agreement, the Yichun Xinhe Supplemental AIC Confirmations, the Lotus-born Supplemental AIC Confirmations, the Jiaxing Xinzhu Supplemental AIC Confirmations, and the Jiaxing Xinsong Supplemental AIC Confirmations
"**Articles**" or "**Articles of Association**"	the articles of association of our Company, as amended, which shall become effective from the [**REDACTED**] and a summary of which is set out in Appendix V to this document
"**associate(s)**"	has the meaning ascribed to it under the Listing Rules
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"**CAC**"	the Cyberspace Administration of China (中國國家互聯網信息辦公室)
"**CAGR**"	the compound annual growth rate

[**REDACTED**]

"**CATL**"	CATL New Energy Technology Co., Ltd. (寧德時代新能源科技股份有限公司)

[**REDACTED**]

"**CIC**"	China Insights Consultancy Limited, an independent professional market research and consulting company
"**CIC Report**"	the report with respect to this [**REDACTED**] issued by CIC
"**close associate(s)**"	has the meaning ascribed to it under the Listing Rules
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**", "**our Company**", or "**the Company**"	Hozon New Energy Automobile Co., Ltd. (合眾新能源汽車股份有限公司), a joint stock company with limited liability established under the laws of the PRC on October 16, 2014
"**connected person(s)**"	has the meaning ascribed to it under the Listing Rules
"**connected transaction(s)**"	has the meaning ascribed to it under the Listing Rules
"**Controlling Shareholder(s)**" or "**Controlling Shareholder Group**"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Fang and each of the Dr. Fang Controlled Entities as further detailed in the section headed "Relationship with Our Controlling Shareholder Group" in this Document
"**Convertible Bonds**"	the convertible bonds our Company issued to Tongxiang STE and Nanning Lianrong as further detailed in the section headed "History and Corporate Structure" in this document
"**COVID-19**"	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness that was first reported in November 2019

"**CSDC**"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"**Director(s)**"	the director(s) of our Company
"**Dr. Fang**"	Dr. Fang Yunzhou, our founder, an executive Director, chairman of our Board and a member of our Controlling Shareholder Group
"**Dr. Fang Controlled Entities**"	collectively, Shanghai Zheao, Zhonghe, Zhehui, Yingtong, Youwei, Taohan, Tibet Zheao and Tongxiang Investment, each a member of our Controlling Shareholder Group
"**Employee Incentive Platforms**"	Zhehui, Youwei, Taohan and Yingtong
"**Employee Incentive Schemes**"	the employee incentive schemes of our Company approved and adopted by our Board, a summary of the principal terms of which is set forth in "Appendix VI — Statutory and General Information — C. Further Information About Our Directors and Supervisors — 4. Employee Incentive Schemes"
"**Extreme Conditions**"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[**REDACTED**]

"**Governmental Authority**"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational

"**Group**", "**our Group**", "**the Group**", "**we**", "**us**", or "**our**"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**H Share(s)**"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
	[**REDACTED**]
"**HK$**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK**" or "**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China

[**REDACTED**]

"**Hong Kong Listing Rules**" or "**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

["**Hong Kong Takeovers Code**" or "**Takeovers Code**"]	[Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC]

[**REDACTED**]

"**IFRS**"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"**Jiaxing Xinsong**"	Jiaxing Xinsong Equity Investment Partnership (Limited Partnership) (嘉興鑫松股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 30, 2021 and an Independent Third Party; Jiaxing Xinsong is one of the Relevant Investors
"**Jiaxing Xinsong AIC Agreement**"	an act-in-concert agreement dated December 26, 2022 entered into by and amongst Dr. Fang, Shanghai Zheao and Jiaxing Xinsong
"**Jiaxing Xinsong Supplemental AIC Confirmations**"	supplemental confirmations executed by Jiaxing Xinsong on May 4, 2023 further undertaking on its act-in-concert obligations under the Jiaxing Xinsong AIC Agreement
"**Jiaxing Xinzhu**"	Jiaxing Xinzhu Equity Investment Partnership (Limited Partnership) (嘉興鑫竹股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 30, 2021 and an Independent Third Party; Jiaxing Xinzhu is one of the Relevant Investors
"**Jiaxing Xinzhu AIC Agreement**"	an act-in-concert agreement dated December 26, 2022 entered into by and amongst Dr. Fang, Shanghai Zheao and Jiaxing Xinzhu
"**Jiaxing Xinzhu Supplemental AIC Confirmations**"	supplemental confirmations executed by Jiaxing Xinzhu on May 4, 2023 further undertaking on its act-in-concert obligations under the Jiaxing Xinzhu AIC Agreement

[**REDACTED**]

"**Joint Sponsors**"	the Joint Sponsors of the [**REDACTED**] as named in "Directors, Supervisors and Parties Involved in the [**REDACTED**]"
"**Latest Practicable Date**"	[June 18, 2024], being the latest practicable date for ascertaining certain information in this document before its publication
"**Laws**"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions

[**REDACTED**]

"**Lotus-born**"	Lotus-born Co. Limited (蓮生有限公司), a company incorporated in Hong Kong with limited liabilities on November 5, 2021 and is an Independent Third Party; Lotus-born is one of the Relevant Investors
"**Lotus-born AIC Agreement**"	an act-in-concert agreement dated December 9, 2021 entered into by and amongst Dr. Fang, Shanghai Zheao and Lotus-born
"**Lotus-born Supplemental AIC Confirmations**"	supplemental confirmations executed by Lotus-born on May 4, 2023 further undertaking on its act-in-concert obligations under the Lotus-born AIC Agreement

[**REDACTED**]

"**MIIT**"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry of the PRC (中華人民共和國信息產業部))
"**MOFCOM**"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))

"**NDRC**"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"**NPC**"	the National People' s Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC**" or "**China**"	the People's Republic of China, but for the purposes of this document only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"**PRC Company Law**"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"**PRC Data Compliance Legal Adviser**"	Grandall Law Firm (Beijing), our legal adviser on PRC laws relating to data compliance
"**PRC GAAP**"	generally accepted accounting principles in the PRC

"**PRC Legal Adviser**"	Grandall Law Firm (Shanghai), our legal adviser on PRC laws

[**REDACTED**]

"**Principal Subsidiaries**"	our subsidiaries as identified in "History and Corporate Structure — Principal Subsidiaries and Operating Entities"

[**REDACTED**]

"**Relevant Investors**"	collectively, Yichun Entities, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, Jiaxing Xinsong and Yichun Jinyuan Investment
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of China

[**REDACTED**]

"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"**SASAC**"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"**SAT**"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"**SFC**"	Securities and Futures Commission of Hong Kong
"**SFO**" or "**Securities and Futures Ordinance**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Shanghai-Hong Kong Stock Connect**"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"**Shanghai Zheao**"	Shanghai Zheao Industrial Co., Ltd. (上海哲奧實業有限公司), a company established in the PRC on July 22, 2014 and is directly owned as to approximately 58.41% by Dr. Fang as of the Latest Practicable Date, and a member of our Controlling Shareholder Group
"**Share(s)**"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our domestic Shares and our H Shares
"**Shenzhen-Hong Kong Stock Connect**"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"**Special Regulations**"	the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994

[REDACTED]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited

"**subsidiary**" or "**subsidiaries**"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"**substantial shareholder(s)**"	has the meaning ascribed to it in the Listing Rules
"**Supervisor(s)**"	member(s) of Supervisory Committee
"**Supervisory Committee**"	supervisory committee of the Company
"**Taohan**"	Yichun Taohan Enterprise Management Consulting Partnership (Limited Partnership) (宜春濤瀚企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 5, 2019 as a shareholding platform for the purpose of motivating, attracting, and retaining employees of our Group, which is controlled by Tibet Zheao as managing partner, and a member of our Controlling Shareholder Group
"**Tibet Zheao**"	Tibet Zheao New Energy Technology Co., Ltd. (西藏哲奧新能源科技有限責任公司), a company established in the PRC on July 7, 2017, and is wholly owned by Shanghai Zheao as of the Latest Practicable Date, and a member of our Controlling Shareholder Group
"**Tongxiang Investment**"	Tongxiang Tongzhong Investment Management Co., Ltd. (桐鄉同衆投資管理有限公司), a company established in the PRC on February 1, 2016 and is wholly owned by Shanghai Zheao as of the Latest Practicable Date, and a member of our Controlling Shareholder Group
"**Track Record Period**"	the three years ended December 31, 2021, 2022 and 2023
"[**REDACTED**] **Shares**"	[**REDACTED**] ordinary Share(s) issued by our Company, with a nominal value of RMB1.0 each, which is/are not listed or traded on any stock exchange
"**U.S.**", "**US**" or "**United States**"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"**U.S. dollars**" or "**US$**"	United States dollars, the lawful currency of the United States

[**REDACTED**]

"**VAT**"	value-added tax
"**Yichun AIC Arrangements**"	collectively, the Yichun AIC Agreement, the Yichun AIC Confirmations, and the Yichun Supplemental AIC Confirmations
"**Yichun AIC Agreement**"	an act-in-concert agreement dated November 11, 2018 entered into by and amongst Dr. Fang, Shanghai Zheao, Yichun Jinhe and Yichun Jinyuan Investment Co., Ltd. (宜春市金園投資有限責任公司), which is controlled by Yichun Economic and Technological Development Zone Finance Bureau (宜春經濟技術開發區財政局)
"**Yichun AIC Confirmations**"	confirmations executed by Yichun Chuangyuan and Yichun No. 1 confirming their acknowledgment of the terms and conditions of the Yichun AIC Agreement and agreeing to be bound by it in the same manner as Yichun Jinhe pursuant to the Yichun AIC Agreement
"**Yichun Chuangyuan**"	Yichun Chuangyuan Huihe Investment Centre (Limited Partnership) (宜春創園匯合投資中心(有限合夥)), a limited partnership established in the PRC on September 9, 2019, the general partner of which is controlled by Yichun Economic and Technological Development Zone Finance Bureau (宜春經濟技術開發區財政局); one of the Relevant Investors
"**Yichun Entities**"	collectively, Yichun Jinhe, Yichun Chuangyuan and Yichun No. 1
"**Yichun Jinhe**"	Yichun Jinhe Equity Investment Co., Ltd. (宜春市金合股權投資有限公司), a company established in the PRC on October 22, 2018, and is indirectly controlled by Yichun Economic and Technological Development Zone Finance Bureau (宜春經濟技術開發區財政局); one of the Relevant Investors
"**Yichun No. 1**"	Yichun Chuangye Investment No. 1 Centre (Limited Partnership) (宜春市創業投資一號中心(有限合夥)), a limited partnership established in the PRC on October 18, 2018, the general partner of which is controlled by Yichun Economic and Technological Development Zone Finance Bureau (宜春經濟技術開發區財政局) and Yichun State-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會); one of the Relevant Investors

"**Yichun Supplemental AIC Confirmations**"	supplemental confirmations executed by each of Yichun Entities on April 25, 2023 further undertaking on the act-in-concert obligations of each of Yichun Entities under the Yichun AIC Agreement or the Yichun AIC Confirmations, as applicable
"**Yichun Xinhe**"	Yichun Xinhe Equity Investment Partnership (Limited Partnership) (宜春鑫合股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 16, 2021 and an Independent Third Party; one of the Relevant Investors
"**Yichun Xinhe AIC Agreement**"	an act-in-concert agreement dated December 9, 2021 entered into by and amongst Dr. Fang, Shanghai Zheao and Yichun Xinhe
"**Yichun Xinhe Supplemental AIC Confirmations**"	supplemental confirmations executed by Yichun Xinhe on May 4, 2023 further undertaking on its act-in-concert obligations under the Yichun Xinhe AIC Agreement
"**Yingtong**"	Yichun Yingtong Enterprise Management Consulting Center (Limited Partnership) (宜春盈同企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on September 18, 2021 as a shareholding platform for employees of our Group, which is controlled by Dr. Fang as managing partner, and a member of our Controlling Shareholder Group
"**Youwei**"	Yichun Youwei Enterprise Management Consulting Partnership (Limited Partnership) (宜春優唯企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 5, 2019 as a shareholding platform for employees of our Group, which is controlled by Tibet Zheao as managing partner, and a member of our Controlling Shareholder Group
"**Zhehui**"	Anyang Zhehui Enterprise Management Consulting Partnership (Limited Partnership) (安陽哲慧企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on September 18, 2017 as a shareholding platform for employees of our Group, the general partner of which is Dr. Fang, and a member of our Controlling Shareholder Group
"**Zhonghe**"	Zhonghe New Energy Automobile Industry Investment Partnership (Limited Partnership) (桐鄉眾合新能源汽車產業投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 12, 2016, the general partner of which is Shanghai Zheao, and a member of our Controlling Shareholder Group
"**%**"	per cent

Unless otherwise specified, in this document:

- certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and

- for ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

"**ACC**"	adaptive cruise control
"**ADAS**"	advanced driver-assistance systems
"**ADF**"	Azure Data Factory, a cloud service for data integration and extract-transform-load projects
"**AEB**"	automatic emergency braking
"**AI**"	artificial intelligence
"**APA**"	automatic parking assistance
"**app**"	a computer program designed to run on smartphones and other mobile services
"**AR**"	augmented reality
"**ASPICE**"	automotive software process improvement and capability evaluation
"**BEV**"	battery electric vehicle
"**BSD**"	blind spot detection
"**CAN**"	controller area network
"**CBU**"	Completely Built Up Vehicles
"**C discharge**"	a measurement of the discharge rate of the battery, signifying the safe discharge current a battery can sustain
"**C-NCAP**"	China New Car Assessment Program, which is a car safety assessment program run by the China Automotive Technology and Research Center
"**CNAS**"	China National Accreditation Service for Conformity Assessment
"**CLTC**"	China Light-duty Vehicle Test Cycle, a testing standard to measure and establish a vehicle's driving range developed by China Automotive Technology and Research Center

"**DDW**"	driver drowsiness warning
"**DMS**"	driver monitoring system
"**DOW**"	door open warning
"**ECU**"	electronic control units
"**EEA**"	electronic architecture platform
"**emerging NEV companies in China**"	automotive original equipment manufacturers (OEMs) that only produce new energy vehicles (NEVs) without backgrounds in traditional vehicle manufacturing
"**ESC**"	electronic stability control
"**EV**"	electric vehicle, the battery electric vehicles used for the carriage of passengers
"**FAPA**"	fusion automatic parking assist
"**FCEV**"	fuel cell electric vehicle
"**FCW**"	forward collision warning
"**FOTA**"	firmware-over-the-air
"**GNSS**"	global navigation satellite system
"**HEV**"	hybrid electric vehicle
"**HWA**"	highway assist
"**IATF16949**"	the quality management system requirements for the design and development, production and, when relevant, installation and service of automotive-related products, throughout the automotive supply chain
"**ICA**"	integrated cruise assist
"**ICE**"	internal combustion engine
"**IHBC**"	intelligent high beam control
"**IMU**"	inertial measurement unit

"**IPX8**"	an IP Rating representing protection against temporary water immersion more than 1 meter and for more than 30 minutes
"**IP Rating**"	ingress protection rating that classifies and rates the degree of protection provided by mechanical casings and electrical enclosures against intrusion, dust, accidental contact and water
"**LCA**"	lane change assist
"**LDW**"	lane departure warning
"**LiDAR**"	light detection and ranging
"**LKA**"	lane keeping assist
"**NCP**"	Neta City Pilot Assist
"**NEDC**"	New European Driving Cycle, which is designed to assess the emission levels of car engines and fuel economy in passenger vehicles
"**NEV**"	new energy passenger vehicles, comprising of battery electrics vehicles, plug-in hybrid electric vehicles (including REEV) and fuel cell electric vehicles
"**NMS**"	Neta "Magic" Summoning
"**NNP**"	Neta High-speed Navigation Assist
"**NTP**"	Neta Memory Parking
"**OEM**"	original equipment manufacturer
"**OMS**"	occupant monitoring system
"**OTA**"	over-the-air
"**PDCS**"	vehicle power domain control system
"**PHEV**"	plug-in hybrid electric vehicle
"**PKI**"	public key infrastructure
"**REEV**"	range extender electric vehicle
"**SDK**"	software development kit

"**SGW**"	start-and-go warning
"**SOC**" or "**SoC**"	state-of-charge, namely the difference between a fully charged battery and the same battery in use
"**SOH**" or "**SoH**"	state-of-health, namely the difference between a battery being studied and a fresh battery and considers cell aging
"**SOP**"	standard operating procedure or protocol
"**SUV**"	sport utility vehicle
"**TBOX**"	Telematics-Box, an automotive electronic control unit handling bidirectional communications between a vehicle and the outside world
"**TJA**"	traffic jam assist
"**TSR**"	traffic sign recognition
"**UDS**"	unified diagnostic services
"**UL 2580**"	a standard that evaluates the safety and performance of batteries used in electric vehicles
"**VSOC**"	vehicle security operation center
"**XPC**"	a lightweight mechanism for basic interprocess communication
"**5R11V**"	five millimeter-wave radars and 11 cameras

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as 'will', 'expect', 'anticipate', 'estimate', 'believe', 'going forward', 'ought to', 'may', 'seek', 'should', 'intend', 'plan', 'projection', 'could', "vision", 'goals', "aim", 'aspire', 'objective', 'target', 'schedules', and 'outlook') are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political and economic conditions, including those related to the PRC;
- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- the actions and developments of our competitors;
- competition for, among other things, capital, technology and skilled personnel;
- future developments, trends and conditions in the industry and market in which we operate or into which we intend to expand;
- our capital expenditure plans;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate;
- various business opportunities that we may pursue;
- all other risks and uncertainties described in the section headed "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. Our business, financial condition, or results of operations could be materially and adversely affected by any of these risks. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of [**REDACTED**]. *You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory system which may differ from what prevail in other countries.*

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-looking Statements" of this document.

Risks Related to Our Business and Industry

We have a limited operating history, which makes it difficult to evaluate our business and future prospects.

We began our operations in 2014, and have a limited operating history in most aspects of our business operations, including designing, developing, testing, manufacturing, marketing and selling our vehicles, as well as offering our services. We started the production of our first volume-production model, Neta N01, in 2018.

You should consider our business and prospects in light of the risks and challenges we face as a global player with limited history in our industry, including, among other things, with respect to our ability to:

- design and produce safe, reliable, and quality vehicles on an ongoing basis;
- build a well-recognized and respected brand;
- expand our customer base;
- properly price our product and service offerings;
- advance our technological capabilities in key areas, such as ADAS, electric powertrain architecture, and exterior and interior design;
- successfully market our vehicles and our services;
- improve operating efficiency and economies of scale;
- operate our manufacturing plants in a safe and cost-efficient manner;
- attract, retain and motivate our employees;
- anticipate and adapt to changing market conditions, including changes in consumer preferences and competitive landscape; and
- navigate a complex and evolving regulatory environment.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected. Our vehicles are highly technical products that require ongoing maintenance and support. As a result, consumers will be less likely to purchase our vehicles if they are not convinced that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed.

As we grow, we may not effectively manage our growth, which could negatively impact business and financial performance.

We have experienced significant growth in the past few years. We plan to further grow our business by, among other things, investing in technology, expanding our product portfolio, strengthening our brand recognition, and expanding our sales and marketing network and service offerings. Our future operating results will be highly dependent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking our business expansion include, among others:

- managing a larger organization with a greater number of employees in different divisions;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes; and
- executing our strategies and business initiatives successfully.

Any failure to manage our business growth and expansion effectively could materially and adversely affect our business, prospects, results of operations, and financial condition.

Our business plans require a significant amount of capital. If we fail to obtain required external financing to sustain our business, we may be forced to curtail or discontinue our operations. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders' equity interests or include covenants that may restrict our operations or our ability to pay dividends.

Our business and our future plans are capital-intensive. We will need significant capital to, among other things, support our global expansion, conduct research and development, ramp up our production capacity and expand our sales and service network. As we ramp up our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect that our level of capital expenditures will be significantly affected by user demand for our vehicles and services. Given we have a limited operating history, we have limited historical data on the demand for our vehicles and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We plan to seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable, or at all. If we fail to obtain required additional financing to sustain our business before we are able to produce levels of revenue to meet our financial needs, we would need to delay, scale back or eliminate our business plan, and may be forced to curtail or discontinue our operations.

Our ability to obtain necessary financing to carry out our business plan is subject to a number of factors, including, but not limited to, general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. In particular, recent disruptions in the financial markets and volatile economic conditions could affect our ability to raise capital. If we are unable to raise sufficient funds, we will have to significantly reduce our spending or delay or cancel our planned activities. In addition, our future capital needs and other business reasons could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders' shareholding. The issuance of debt securities and incurrence of additional indebtedness would result in increased debt service obligations. Also, if any of our existing or future financing arrangements requires us to maintain specified financial ratios, satisfy financial covenants and contain cross-default clauses, we may need to seek permission from our lenders in order to engage in some corporate actions as a result of such restrictions. In that case, our lenders' interests may be different from ours, and we may not be able to obtain their permission when needed. This may prevent us from taking actions that we believe are in our best interest. Any failure by us to meet the payment and other obligations, including the financial covenants and security coverage requirement, may lead to defaults under our secured loan agreements. Our lenders could then accelerate our indebtedness, which may adversely impact our business, results of operations, financial condition, and our ability to pay dividends to our shareholders.

Our vehicles may not perform in line with user expectations and may contain defects.

Our vehicles may not perform in line with user expectations. Any product defects or any other failure of our vehicles to perform or operate as expected could harm our reputation and result in negative publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand, and significant expenses.

Our vehicles may contain design and manufacturing defects. The design and manufacturing of our vehicles are complex and could contain latent defects and errors, which may cause our vehicles not to perform or operate as expected or even result in property damage or personal injuries. Furthermore, our vehicles use a substantial amount of third-party and in-house software codes and complex hardware to operate. Advanced technologies are inherently complex, and defects and errors may be revealed over time. Our control over the long-term consistent performance of third-party services and systems is limited. While we have performed extensive internal testing on our vehicles' software and hardware systems, we have a limited frame of reference by which to assess the long-term performance of our systems and vehicles. We may not be able to detect and fix any defects in the vehicles on a timely basis, or at all.

In addition, we have a limited operating history in testing, delivering and servicing our vehicles. Although we have established a rigorous development process and a series of strict testing under numerous temperatures, geographical locations, and environmental conditions to identify and address potential weaknesses or flaws in use of our vehicles, there could be improper operation, negligence, or failure to follow protocols by our employees or third-party service providers. Such human errors could result in failure of our vehicles to perform or operate as expected. We cannot guarantee that we will be able to completely prevent human errors.

If any of our vehicles fail to perform or operate as expected, whether as a result of human error or otherwise, we may need to delay deliveries, initiate product recalls, provide servicing or updates under warranty at our expense, and face potential lawsuits, which could adversely affect our brand, business, financial condition, and results of operations.

Our research and development efforts may not yield expected results.

Technological innovation is critical to our success, and we strategically develop most of key technologies in-house, such as ADAS, electric powertrain architecture, and exterior and interior design. We have been investing heavily on our research and development efforts. In 2021, 2022 and 2023, our research and development expenditure amounted to RMB775.9 million, RMB1,723.2 million and RMB2,263.3 million, respectively. The NEV industry is experiencing rapid technological changes, and we need to invest significant resources in research and development to remain competitive in the market. Research and development activities are inherently uncertain, and there can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. As a result, our significant expenditures on research and development may not generate corresponding benefits. If our research and development efforts fail to keep up with the latest technological developments, we may suffer a decline in our competitive position.

Besides our in-house expertise, we also rely on certain technologies of our suppliers to enhance the performance of our vehicles. In particular, we do not manufacture battery cells or semiconductors and rely upon suppliers for the relevant technologies. As technologies change, we plan to upgrade our existing models and introduce new models in order to provide NEVs with the latest technologies, including battery cells and semiconductors. However, there can be no assurance that our research and development efforts will yield expected results.

Our future growth is dependent on the consumer demand for NEVs, the prospects of which are subject to many uncertainties.

The demand for our vehicles and services highly depend upon the adoption by consumers of NEVs in general. The market for NEVs is still rapidly evolving, characterized by rapidly changing technologies, prices and the competitive landscape, evolving government regulation and industry standards, and changing consumer demands and behaviors.

Other factors that may influence the adoption of NEVs include:

- perceptions about NEV quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of NEVs, whether or not such vehicles are produced by us or other OEMs;

- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technologies, such as ADAS and lithium battery cells;

- the limited range over which NEVs may be driven on a single battery charge and the speed at which batteries can be charged;

- the decline of an NEV's range resulting from deterioration over time in the battery's ability to hold a charge;

- the availability of other types of NEVs, such as plug-in hybrid electric vehicles;

- improvements in the fuel economy of the internal combustion engine;

- the availability of after-sales service for NEVs;

- the environmental consciousness of consumers;

- access to charging stations, standardization of NEV charging systems, and consumers' perceptions about convenience and cost for charging an NEV;

- the availability of tax and other governmental incentives to purchase and operate NEVs or future regulation requiring increased use of nonpolluting vehicles;

- perceptions about and the actual cost of alternative fuel; and

- macroeconomic factors.

Any of the factors described above may cause current or potential customers not to purchase our vehicles and use our services. If the market for NEVs does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition, and operating results will be affected.

We face risks associated with the international sale of our vehicles and our international operations. If we are unable to effectively manage these risks, our business, financial condition and results of operations may be materially and adversely affected.

We have been exploring opportunities to expand into international markets, such as Southeast Asia, the Middle East and Latin America. We currently offer our vehicles, mainly Neta X series and Neta AYA series, in overseas markets such as Thailand, Indonesia and Malaysia and may conduct sales into other international markets. Accordingly, we face numerous risks:

- fluctuations in foreign currency exchange rates;

- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries;

- providing customer service and support in these markets;

- difficulty with staffing and managing overseas operations;

- failure to develop appropriate risk management and internal control structures tailored to overseas operations;

- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our vehicles and services including charging and other electric infrastructures;

- failure to obtain or maintain permits for our products or services in these markets;

- different safety concerns and measures needed to address accident related risks in different countries and regions;

- inability to obtain, maintain, or enforce intellectual property rights;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- trade barriers such as export control regulations, tariffs, taxes, customs duties, anti-dumping policies, and other restrictions and expenses.

Our expansion into international markets will require us to respond timely and effectively to rapid changes in market conditions in the relevant countries. Our success in international expansion depends partially on our ability to succeed in different legal, regulatory, economic, environmental, social, and political conditions which we have little control over. We may not be able to develop and implement policies and strategies that will be effective in each location where we do business. A change in one or more of the factors described above may have a material adverse effect on our business, financial condition, and results of operations.

We are subject to risks associated with the rapidly evolving technologies in the NEV market.

We may not always be able to keep up with changes in NEV technology and, as a result, our competitiveness may suffer. Our research and development efforts may not be sufficient to adapt to changes in NEV technology. There can be no assurance that we will be able to compete effectively with alternative vehicles or source and integrate the latest technology into our vehicles, against the backdrop of our rapidly evolving industry.

Developments in alternative technologies, such as advanced diesel, ethanol, fuel cells, hydrogen fuel power or compressed natural gas or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel that is abundant and relatively inexpensive in China, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum-based propulsion. Any failure by us to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects.

Increases in costs, disruption of supply, or shortage of components and materials, could have a material adverse impact on our business.

We may experience cost increases, supply interruption, and/or shortages relating to components and raw materials, which could materially and adversely impact our business, prospects, financial condition and operating results. We use various components and raw materials in our business, such as steel and aluminum, as well as lithium battery cells and semiconductors. The prices for these components and materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, including increased production of NEVs by our competitors, and could adversely affect our business and operating results. In addition, as we continue to increase our production, we may experience shortages of certain components and materials or other bottlenecks in our supply chain. For example, the supply of our chips was adversely affected by the COVID-19 pandemic, which caused disruptions to semiconductor manufacturers. Although the situation has significantly improved and normalized since January 2023, we may still experience supply chain constraints as China's automotive industry is undergoing a structural change that is leading to increased demand for advanced components and chips, many of which are used in our vehicles. In addition, the current tension in international trade and politics, may adversely affect the supply of our chips. If we experience supply chain constraints or insufficient consumer demand in the future, we may need to adjust our delivery outlook accordingly.

Qualifying alternate suppliers or developing our own replacements for certain highly customized components of our vehicles may be time consuming and costly. Any disruption in the supply of components, whether or not from a single-source supplier, could temporarily disrupt production of our vehicles until an alternative supplier is fully qualified by us or is otherwise able to supply us the required material. There can be no assurance that we would be able to successfully find alternative suppliers on a timely basis, on acceptable terms, or at all. Any of the foregoing could materially and adversely affect our business financial condition and results of operations.

Our customers may cancel their orders despite their deposit payments and online confirmations.

Orders and reservations for our vehicles are subject to cancelation by the customer prior to the delivery of the vehicle. Our customers may cancel their orders for many reasons beyond our control, and we have experienced cancelation of orders in the past. In addition, customers may cancel their orders even after they have paid deposits. The potentially long wait from the time a reservation is made until the time the vehicle is delivered could also impact customer decisions on whether to ultimately make a purchase, due to potential changes in preferences, competitive developments and other factors. If we encounter delays in the deliveries of our current or future vehicle models, a significant number of orders may be canceled. Such cancelations could harm our business, brand image, financial condition, results of operations, and prospects.

We recorded gross losses and net losses, net current liabilities and negative net cash flows from operations in the past, all of which may continue in the future.

We recorded gross losses of RMB1,747.8 million, RMB2,938.8 million and RMB2,014.4 million and net losses of RMB4,840.2 million, RMB6,666.2 million and RMB6,867.1 million in 2021, 2022 and 2023, in each case respectively. We may not generate sufficient revenues or continue to incur substantial losses for a number of reasons, including lack of demand for our vehicles, increasing competition, and other risks discussed herein, and we may incur unforeseen expenses, or encounter difficulties, complications, or delays in deriving revenues or achieving profitability.

We had net current liabilities of RMB1,991.3 million and RMB1,794.8 million as of December 31, 2023 and April 30, 2024. Such positions can expose us to the risk of shortfalls in liquidity. Any difficulty or failure to meet our liquidity needs can have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, we had negative net cash flows from operating activities of RMB2,991.3 million, RMB5,408.4 million and RMB4,354.4 million in 2021, 2022 and 2023, respectively. The pressure on us to generate positive cash flow may be further exacerbated by our contractual obligations, including capital commitments, operating lease obligations, purchase obligations, finance leases, and borrowings.

We expect to continue to invest in global expansion, production ramp-up, expansion of our manufacturing facilities and sales and service network and research and development to further expand our business. These investments may not result in revenue increase, or at all, and we may have losses, net current liabilities and negative net cash flows from operations again in the future.

Our business is subject to the evolving laws and regulations regarding data privacy and protection, information security, and cybersecurity. Failure to address cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

Collection, possession, and use of our user's data in conducting our business may subject us to legislative and regulatory oversight in China and other jurisdictions, such as requiring notification of any data breach, restricting our use of such information, and limiting our ability to acquire new customers or market to existing customers. If users allege that we have improperly collected, used, transmitted, released, or disclosed their personal information, we could face legal claims and reputational damage. We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by laws, regulations, industry standards or contractual obligations. If third parties improperly obtain and use the personal information of our users, and we fail to protect data from these improper uses, we may be required to expend significant resources to resolve these problems, and could be further subject to penalties, including fines, suspension of business, and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We are subject to various data security and data protection laws and regulations in China. See "Regulatory Overview — Regulations Relating to Cybersecurity and Data Security." In particular, on December 28, 2021, 13 government authorities, including the CAC, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which took effect on February 15, 2022. As advised by our PRC Data Compliance Legal Advisor and based on our interview with the China Cybersecurity Review, Certification and Market Regulation Big Data Center, we believe that our proposed [**REDACTED**] in Hong Kong is not a "[**REDACTED**]" under the Cybersecurity Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator nor had we been required to undertake a cybersecurity review by the Cybersecurity Review Office for the [**REDACTED**].

Many of the data-related legislations are relatively new and certain concepts thereunder are still subject to the interpretation and clarification from the regulators. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for the protection and management of such data. We cannot predict the impact of the Cybersecurity Review Measures and the Draft Regulations, if any, at this stage, but we will closely monitor and assess any development in the rule-making process. If the Cybersecurity Review Measures and the enacted version of the Draft Regulations mandate the clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which in turn may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, and other consequences that may materially and adversely affect our business and results of operations.

In general, compliance with the existing and future laws and regulations related to data security and personal information protection may be costly and subject us to negative publicity, which could harm our reputation, business operations and results of operations.

Our ability to develop, manufacture, and deliver automobiles of high quality and appeal to users, on schedule, and on a large scale is still evolving.

The sustainability of our business depends, in large part, on our ability to timely execute our plan to develop, manufacture, and deliver large-scale automobiles of high quality and appeal to users. Currently, we operate one vehicle factory as well as several vehicle parts factories in China. In addition, we entrust local manufacturing partners in Thailand and Indonesia. We have also signed a collaboration agreement with a local manufacturing partner in Malaysia, and expect to commence production in early 2025. See "Business — Manufacturing, Supply Chain and Quality Control — Manufacturing" for further details. Our future operation and prospects depend largely on the successful expansion and maintenance of our existing factories, collaboration with our overseas manufacturing partners, as well as the successful implementation of our capacity expansion efforts in China. See "— The operation of our existing manufacturing facilities and the third-party manufacturing partners that we entrust for the production of our vehicles may be subject to delays, disruptions, uncertainties in the approved capacity, or cost overruns, and may not produce the expected benefits, which could negatively affect the production of our vehicles." To date, we have limited automobile manufacturing experience to balance production volume and vehicle quality and appeal, and therefore cannot assure you that we will be able to achieve our targeted production volume of commercially viable vehicles on a timely basis, or at all.

Our continued development, manufacturing, and delivery of automobiles of high quality to achieve our targeted production volume are and will be subject to risks, including with respect to:

- lack of necessary funding;
- delays or disruptions in our supply chain;
- delays in the research and development of technologies necessary for our vehicles and our manufacturing processes;
- quality control deficiencies;
- compliance with environmental and workplace safety laws and regulations;
- cost overruns; and
- lack of skilled and talented employees.

Historically, automakers are expected to periodically introduce new and improved models to stay abreast of the market. To remain competitive, we may be required to introduce new vehicle models and perform facelifts on existing vehicle models earlier or more frequently than originally planned. We cannot assure you that our current or any future models we launch, will appeal to the users as we expect, or that any introduction of new models or facelifts will not affect the sales of our existing models.

Furthermore, we rely on third-party suppliers for the provision and development of many of the key components and materials used in our vehicles. To the extent our suppliers experience any difficulties in providing us with or developing necessary components, we could experience delays in delivering vehicles. Any delay in the development, manufacturing, and delivery of our existing or future models, or in performing facelifts to existing models, could subject us to user complaints and materially and adversely affect our reputation, demand for our vehicles, and our growth prospects.

Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

The NEV market is highly competitive and we may not be able to compete successfully.

The NEV market is highly competitive and we expect that it will become even more competitive in the future. We directly compete with other Chinese and international NEV companies. To a lesser extent, our vehicles also compete with ICE vehicles offered by traditional OEMs. We may also in the future face competition from new entrants both in China and globally that will increase the level of competition. We believe that the primary competitive factors in our market are: technological innovation, styling and design, product quality and safety, product pricing, sales efficiency, cost control, manufacturing efficiency, and branding. Many of our current and potential competitors have more financial, technical, manufacturing, marketing, and other resources than we do, and may be able to devote significant resources to the design, development, manufacturing, distribution, promotion, sale, and support of their products.

We expect competition in our industry to intensify in the future in light of increased demand and regulatory push for alternative fuel vehicles, continuing globalization and consolidation in the worldwide automotive industry. Increased competition may lead to lower vehicle sales volume and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results and prospects. Our competitors may introduce new vehicles or services that surpass the quality or performance of our vehicles or services, which would adversely affect our competitive position in the market. They may also offer vehicles or services at more competitive prices, which would have an adverse impact on our sales and profitability.

The unavailability, reduction or elimination of government and economic incentives, preferential tax treatments, delay in collection of relevant subsidies or government policies that are favorable for NEVs and domestically produced vehicles could materially and adversely affect our business, financial condition and results of operations.

Our business has benefited from government subsidies, economic incentives, and government policies that support the growth of NEVs. For example, until the end of 2022, each qualified purchaser of our vehicles enjoyed subsidies from China's central government to promote the sale of EVs. Furthermore, in certain cities, quotas on purchase of ICE vehicles do not apply to NEVs, thereby incentivizing customers to purchase NEVs. In 2024, we received subsidies from Thailand government in relation to our operations in Thailand in 2023.

According to the Measure on the Parallel Administration of the Corporate Average Fuel Consumption and NEV Credits of Passenger Vehicle Enterprises (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》), promulgated on September 27, 2017 and latest amended in 2023, NEV companies are allowed to sell automotive regulatory credits. See "Regulatory Overview — Favorable Policies on NEVs in China — Corporate Average Fuel Consumption and NEV Credits Scheme for Vehicle Manufacturers and Importers" for details.

Any reduction or elimination of government subsidies and economic incentives because of policy changes, fiscal tightening, or other factors may result in the diminished competitiveness of China's NEV industry generally or our vehicles in particular. In addition, as we seek to increase our revenues from vehicle sales, we may also experience an increase in accounts receivable relating to government subsidies. Any uncertainty or delay in collection of the government subsidies may also have an adverse impact on our financial condition. Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

We have limited control over the operations of our distributors, and we may be subject to risks relating to the acts of our distributors.

We work with distributors to expand our vehicle sales coverage, which helps us increase sales orders and generate revenues. During the Track Record Period, a substantial portion of our vehicles were sold through our distributors. In 2021, 2022 and 2023, we generated 100.0%, 98.2%, and 88.0% of our total revenues in China and nil, 1.8% and 12.0% of our total revenues overseas from sales through distributors, respectively.

In addition, the performance of our distributors and their ability to sell our vehicles, uphold our brand, provide customer services, expand their businesses and their sales network are crucial to the future growth of our business and may directly affect our vehicle sales volume and profitability. We may not be able to identify, attract, and retain a sufficient number of distributors with the requisite experience and resources. We have limited control over the daily business activities of our distributors, and our control over the sub-distributors may be even more limited. If our distributors fail to deliver high-quality customer service and resolve customer complaints in a timely manner, or if any of their misconduct or unethical practice leads to damages to our brand image and reputation, our business could be adversely affected. In addition, non-compliance by any of our distributors or sub-distributors with the relevant distribution agreements or our company policies may adversely affect the overall sales of our vehicles and services we provide, and our ability to implement development strategies.

We cannot assure you that we are always able to accurately track the inventory level of our distributors or to identify any excessive inventory build-up at various levels of our distribution network. Although we believe the demand of our vehicles generally outweighs the supply in any given period, our distributors may be unable to sell adequate amounts of their inventories of our vehicles in a given period to retailers or end customers, which may result in a buildup of inventory level. This could have a material adverse impact on the sales of our vehicles and, accordingly, to our business, financial condition, results of operations, and prospects. Furthermore, we require all of our distributors to strictly follow our pricing guidelines and we carefully design the geographical region coverage of our sales network to reduce the degree of competition between different distributors. However, any significant growth in our sales to certain distributors in the future, or changes to our sales and service network, may give rise to competition among our distributors and increase the risk of cannibalization. Any such behavior may harm our business, prospects, financial condition and results of operations.

Our vehicles are subject to motor vehicle standards and the failure to satisfy such mandated safety standards would materially and adversely affect our business and results of operations.

All vehicles sold must comply with various standards of the market where the vehicles are sold. In addition, vehicles must pass various tests and undergo a certification process, and such certification is also subject to periodic renewal. We cannot assure you that each of our future vehicle models will be able to receive such certifications. In addition, governments carry out supervision and scheduled or unscheduled inspection of certified vehicles on a regular basis. In the event that our certification fails to be renewed upon expiry or be suspended or revoked, we may not be able to sell vehicles without such certifications. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Our vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame, which could adversely affect our brand image, business, and results of operations.

The battery packs that are installed on our vehicles make use of lithium-ion cells, which we purchase from third-party suppliers. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. We have implemented a battery management system that automatically monitors temperature, power output and other status of the battery pack, including a thermal management system that keeps the temperature of the battery pack within an ideal range. However, our vehicles or their battery packs may still experience failure, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time-consuming and expensive. In addition, negative public perceptions regarding the suitability of lithium-ion cells for automotive use or any future incident involving lithium-ion cells such as a vehicle or other fire, even if not involving our vehicles, could seriously harm our business.

In addition, we store battery packs containing lithium-ion cells. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of these battery packs, a safety issue or fire related to the cells could disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's NEV or energy storage product may cause indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, financial condition, results of operations, and prospects.

Our business and prospects will be materially and adversely affected if we fail to maintain and strengthen our Neta brand.

Our ability to maintain and strengthen the "Neta" brand is crucial to our business and prospects. Promoting and positioning our brand will likely depend significantly on our ability to provide high quality vehicles and services, and we have limited experience in these areas. In addition, we expect that our ability to maintain and strengthen the Neta brand will depend heavily on the success of our sales and marketing efforts. We apply an online and offline integrated branding strategy utilizing a variety of channels, with a focus on building brand awareness and generating sales leads. While we seek to optimize resource allocation through careful selection of sales and marketing channels, such efforts may not achieve the desired results. To promote our brand, we may be required to change our branding practices, which could result in substantially increased expenses, including the need to increasingly utilize traditional media and offline advertising.

Given the popularity of social media in China, any negative publicity, whether true or not, could quickly proliferate and harm consumer perceptions and confidence in our brand. In addition, from time to time, our vehicles are evaluated and reviewed by third parties. Any negative reviews or reviews which compare us unfavorably to competitors could adversely affect consumer perception about our vehicles.

Any delays in the manufacturing, launch and delivery of vehicles in our pipeline could have a material adverse effect on our business.

We started the production of our first volume-production model, Neta N01, in 2018. We continually introduce new models and facelifts to enrich our product portfolio and offer customers more selections. We may experience delays in the manufacture, launch and delivery of new models and new versions due to a variety of reasons, such as changes in market conditions, technological challenges and lack of necessary funding, as well as disruptions in our supply chain or manufacturing facilities. To the extent such delays occur, our growth prospects could be adversely affected. We also plan to periodically perform facelifts or refresh existing models, which could also be subject to delays. Furthermore, we rely on third-party suppliers for the provision and development of many of the key components used in our vehicles. To the extent our suppliers experience any delays in providing us with or developing necessary components or experience quality issues, we could experience delays in delivering on our timelines. Any delay in the manufacture, launch and delivery of our existing or future models, including in the construction and ramp up of our manufacturing facilities, or in performing facelifts to existing models, could lead to customer dissatisfaction and materially and adversely affect our reputation, demand for our vehicles, results of operations and growth prospects.

We may face challenges in providing charging solutions.

We have marketed our ability to provide our customers a convenient charging experience. We offer our customers the flexibility to charge their NEVs by home chargers, third-party public charging stations and valet power up services. We cooperate with third-party service providers to operate convenient fast charging stations around Neta owners' driving destinations, such as shopping malls, supermarkets and traffic distribution centers. There can be no assurance that the third parties we work with will continue to expand their charging facilities, or that they will continue their cooperation on terms acceptable to us, or at all. In addition, the installation of home chargers is handled by third-party service providers, and their service may not meet our customers' expectations. To the extent we or the relevant third parties are unable to meet customer expectations or experience difficulties in providing charging solutions, our reputation and business may be materially and adversely affected.

The operation of our existing manufacturing facilities and the third-party manufacturing partners that we entrust for the production of our vehicles may be subject to delays, disruptions, uncertainties in the approved capacity, or cost overruns, and may not produce expected benefits, which could negatively affect the production of our vehicles.

Currently, we operate one vehicle factory as well as several vehicle parts factories in China. In addition, we entrust local manufacturing partners in Thailand and Indonesia. We have also signed an agreement with a local manufacturing partner in Malaysia, and expect to commence production in early 2025. Our future operation and prospects depend on the successful ramping and maintaining of our operation of factories and the third-party manufacturing partners we entrust. We may experience issues, delays or cost overruns in further expanding the production output at our self-operated factories or at the factories of our manufacturing partners, which could in turn adversely affect our business operations. Any policy change affecting investments in NEV manufacturing facilities in general may also have an impact on the establishment of our new vehicle manufacturing base. There can be no assurance that the new vehicle manufacturing base will be able to commence operation in accordance with our plan. In addition, we may not be able to successfully maintain and ramp up their operations.

In addition to our factories in China, we entrust overseas manufacturing partners, to enhance our local presence and manufacturing capability in the Southeast Asia market. Under our internationalized supply set-up, we manufacture modular parts in China and source key components in China and in overseas jurisdictions. These modular parts will then be delivered to our Tongxiang factory and overseas manufacturing partners to complete the remaining manufacturing process. In the future, we may also entrust manufacturing partners in other markets to enhance our local presence. Any arrangements with third-party manufacturing partners is subject to operational risks that may be beyond our control. We could experience production and delivery delays to the extent our partners do not meet agreed-upon timelines or experience capacity constraints. The volume of vehicles manufactured could fall short of expectation if there is any adverse change in our partners' liquidity position or overall operations that causes their inability to meet their contractual manufacturing obligations. There is risk of potential disputes with partners, and we and our brand image could be affected by adverse publicity or public sentiment towards our partners whether or not such publicity or public sentiment is related to their collaboration with us. In addition, although we are involved in each step of the supply chain and manufacturing process, given that we also rely on our partners to meet our quality standards, there can be no assurance that we will successfully maintain quality standards.

If we experience any issues or delays in meeting our projected timelines, maintaining sufficient funding and capital efficiency, increasing production capacity or generating sufficient demand for production of any of our manufacturing facilities, or if there are issues with our collaboration with third-party manufacturing partners, our business, prospects, operating results and financial condition could be adversely impacted.

We may not be able to expand our physical sales and service network cost-efficiently, and our sales model is subject to a number of risks.

We have been expanding our physical sales and service network in China through a balanced combination of Neta direct sales stores operated by ourselves and Neta dealer stores operated by our Neta City Partners under our supervision, while strategically deploying more Neta direct sales stores in more cities in China. We are also working with local auto dealers in overseas markets where we offer our vehicles to enhance our sales and service presence outside of China. This planned expansion may not have the desired effect of increasing sales and enhancing our brand recognition in a cost-efficient manner. In particular, we may need to invest significant capital and management resources to operate existing Neta direct sales stores and open new ones, and there can be no assurance that we will be able to improve the operational efficiency of our Neta direct sales stores.

If we are unable to provide quality customer service, our business and reputation may be materially and adversely affected.

Our services may fail to meet our customers' expectations, which could adversely affect our business, reputation and results of operations.

Our representatives at the Neta direct sales distributors conduct after-sale services and they may have limited experience in doing so, which are different from the services for ICE vehicles and requires specialized skills, including high voltage training and servicing techniques. Our after-sale service arrangements may not adequately address the service requirements of our customers to their satisfaction, or that we and our distributors will have sufficient resources to meet these service requirements in a timely manner as the volume of vehicles we deliver increases. Moreover, we provide value-added services, such as auto financing facilitation and membership services, and we may expand our value-added services in the future.

In addition, we seek to engage with our customers on an ongoing basis using online and offline channels. If we are unable to roll out and establish a broad service network covering both online and offline channels, consumer experience could be adversely affected, which in turn could materially and adversely affect our sales, results of operations, and prospects.

The range of NEVs on a single charge declines over time which may negatively influence potential customers' decisions whether to purchase our vehicles.

The range of NEVs on a single charge declines principally as a function of usage, time, and charging patterns as well as other factors. For example, a customer's use of his or her vehicle as well as the frequency with which the battery is charged can result in additional deterioration of the battery's ability to hold a charge. Battery deterioration and the related decrease in range may negatively influence potential customer decisions whether to purchase our vehicles, which may adversely affect our ability to market and sell our vehicles. There can be no assurance that we will be able to continue to improve cycle performance of our battery packs in the future.

If our vehicle owners customize our vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly.

Automobile enthusiasts may seek to "hack" our vehicles to modify their performance which could compromise vehicle safety systems. Also, customers may customize our vehicles with after-market parts that can compromise driver safety. We do not test, nor do we endorse, such changes. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to injury from high voltage electricity. Such unauthorized modifications could reduce the safety of our vehicles and any injuries resulting from such modifications could result in adverse publicity, which would negatively affect our brand and harm our business, prospects, financial condition, and results of operations.

We may choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and results of operations.

If our vehicles are subject to recalls in the future, we may be subject to adverse publicity, damage to our brand, and liability for costs. We had not undertaken any product recall incidents due to product defects as of the Latest Practicable Date.

In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our vehicles, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expenses and could adversely affect our brand image, business and results of operations.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend against such claims.

If we become liable for product liability claims, our business, operating results, and financial condition may be harmed. The automotive industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not meet applicable standards or requirements, resulting in property damage, personal injury, or death. Although we implement quality control that tracks the full lifecycle of a vehicle, we cannot assure you that our quality control measures will be as effective as we expect. Any failure in any of our quality control steps would cause a defect in our vehicles, and in turn, could harm our customers. A successful product liability claim against us could require us to pay a substantial monetary compensation. Moreover, a product liability claim could generate substantial negative publicity about our vehicles and business and inhibit or prevent commercialization of our future vehicle models, which would have a material adverse effect on our brand, business, prospects, financial condition, and results of operations.

Failure to obtain, renew, or retain licenses, permits or approvals may affect our ability to conduct or expand our business.

We are required to obtain applicable licenses, permits, and approvals from different PRC regulatory authorities in order to conduct or expand our business. Various governmental authorities in the PRC have promulgated various regulations on designing, developing, manufacturing, and selling NEVs. Our vehicle parts factories have obtained requisite approvals to manufacture and assemble automobile modular parts.

There is no assurance that the PRC regulatory authorities will not issue or promulgate new regulations governing NEVs industry that might require us to obtain additional licenses, permits or approvals for our current or future business operations. Failure to obtain, renew or retain such licenses, permits or approvals may materially and adversely affect our business operations and financial condition. In addition, as we expand to more overseas markets, we will be subject to regulatory requirements of local markets, and may need to obtain additional licenses and permits for our business operations. We cannot guarantee that if and when needed, we will be able to obtain such licenses and permits in a timely manner, or at all.

If our suppliers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity.

We do not control our independent suppliers or their business practices. Accordingly, we cannot guarantee their compliance with ethical business practices, such as environmental responsibilities, fair wage practices, and compliance with child labor laws, among others. A lack of demonstrated compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations.

Violation of labor or other laws by our suppliers or the divergence of an independent supplier's labor or other practices from those generally accepted as ethical in the markets in which we do business could also attract negative publicity for us and our brand. This could diminish the value of our brand image and reduce demand for our NEVs. Any of the foregoing could harm our brand image, business, prospects, results of operations and financial condition.

If we fail to effectively manage our inventory, our results of operations and financial condition may be materially and adversely affected.

As of December 31, 2021, 2022 and 2023, we had inventories of RMB738.9 million, RMB2,799.5 million and RMB1,858.2 million, respectively. We determine our level of inventory based on our experience, number of orders from customers and assessment of customer demand.

However, forecasts are inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. If we fail to accurately forecast the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on our profitability. If we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and harm our reputation.

Any of the above may materially and adversely affect our results of operations and financial condition.

Developments in the labor market, increases in labor costs or any possible labor unrest may adversely affect our business and results of operations.

We rely on a significant number of employees to support our business and production. Our labor costs have been rising as a result of market conditions and regulatory measures. Any significant increase in labor costs could adversely affect our margins and profitability if we cannot pass on cost increases to our customers. Unless we are able to use other appropriate means to reduce our cost of production, our profit margin may decrease and our business, financial condition and results of operations may be materially adversely affected.

Any cyber-attacks, unauthorized access or control of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business.

Our vehicles contain complex information technology systems to support smart technology functions and to accept and install periodic over-the-air (OTA) firmware updates. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks and our vehicles' technology systems. However, hackers may attempt to gain unauthorized access to modify, alter, and use such networks and systems. We aim to remedy any reported and verified vulnerability in the security of our vehicles. However, there can be no assurance that vulnerabilities will not be exploited in the future before they can be identified, or that our remediation efforts are or will be successful. Any cyber-attacks, unauthorized access, disruption, damage, or control of our information technology networks or our vehicles' systems or any loss or leakage of data or information stored in our systems could result in legal claims or proceedings. In addition, regardless of their veracity, reports of cyber-attacks to our information technology networks or our vehicles' systems or data, as well as other factors that may result in the perception that our information technology networks or our vehicles' systems or data are vulnerable to "hacking," and concerns surrounding data security and privacy, could negatively affect our brand and harm our business, prospects, financial condition and results of operation.

Interruption or failure of our information technology and communications systems could impact our ability to effectively provide our services.

We enable our customers to access a variety of features and services through our Neta APP. In addition, certain features of our vehicles depend to a certain extent on connectivity to our information technology systems. As such, the availability and effectiveness of our services depend on the continued operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from, among others, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses, or other attempts to harm our systems. Our data centers are also subject to break-ins, sabotage, intentional acts of vandalism and potential disruptions. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. Any problems at our data centers could result in lengthy interruptions in our service. In addition, our vehicles and services are highly technical and complex and may contain errors or vulnerabilities, which could result in interruptions in our services or the failure of our systems.

Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.

Our operating results may vary significantly from period to period due to many factors, including seasonal factors that may have an effect on the demand for our NEVs. Our NEV sales generally decline over January and February, particularly around the Chinese New Year, and gradually pick up over spring and summer. NEV sales generally culminate in the last quarter of a calendar year, which is traditionally an important sales season for the automotive industry. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Our operating results could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period operating results to vary based on our operating costs which we anticipate will increase significantly in future periods. As a result, we believe that period-to-period comparisons of our operating results are not necessarily meaningful, and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our H Shares could fall substantially either suddenly or over time.

If we fail to effectively manage the risks related to auto financing to our customers, including the risks related to customer credit, our business may be adversely affected.

We cooperate with banks, financial leasing companies and other financing companies and connect them with customers who seek automotive financing solutions. We believe the availability of financing options is important to our customers. If affordable automotive financing solutions are not available for our customers, we may not be able to grow the sales of our NEVs. We offer auto financing arrangements to users. Under the financing arrangements with users, we typically receive a small portion of the total vehicle purchase price at the commencement of the financing term, followed by a stream of payments over the financing term. We also cooperate with financing companies, who provide financing to distributors. Some financing companies require that we repurchase vehicles sold through distributors under certain circumstances such as when a distributor defaults in making payments to the financing companies. To the extent our users or distributors fail to make payments on time under any of the foregoing arrangements, our results of operations may be adversely affected. Furthermore, we have limited operational experience in the auto financing business. Our limited experience may render our risk management less effective in addressing some of the risks, which in turn could exacerbate our credit risk. As we continue to grow our business, the amount of auto financing receivables may further increase. We may fail to effectively manage the credit risks related to our auto financing arrangements, in which case our results of operations may be adversely affected.

Furthermore, PRC laws and regulations concerning financial services, including auto financing services, are evolving and the PRC government authorities may promulgate further laws and regulations in the future. We cannot assure you that our past or current practices would not be regarded as non-compliance, and imposition of any enforcement action would adversely affect our reputation and business, financial condition and results of operations. If we fail to comply with any relevant laws and regulations relating to our auto financing business, our operation of results may be adversely affected.

If we upgrade our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting accelerated depreciation could negatively affect our financial results.

We have invested and expect to continue to invest significantly in manufacturing equipment, and we depreciate the cost of such equipment over their expected useful lives. However, manufacturing technology may evolve rapidly, and we may decide to update our manufacturing process with advanced equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we may be able to manufacture our products using less of our installed equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be negatively impacted.

Our warranty reserves may be insufficient to cover future warranty claims, which could adversely affect our financial performance.

We accrue a warranty reserve for the vehicles sold, which includes the best estimates of projected costs to repair or replace vehicles under warranties. These estimates are primarily based on the estimates of the nature, frequency, and average costs of future claims. We reevaluate the adequacy of the warranty accrual on a regular basis. We cannot assure you that such reserves will be sufficient to cover future claims. We could, in the future, become subject to a significant and unexpected warranty claim, resulting in significant expenses, which would in turn materially and adversely affect our business, prospects, financial condition and results of operation.

If the custodians or authorized users of our chops and seals fail to fulfill their responsibilities, or misappropriate or misuse these chops and seals, our business and operations may be materially and adversely affected.

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the public security agencies. We generally require legal documents be executed by affixing chops or seals. Although we usually utilize chops to execute contracts, the registered legal representatives of our subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the designated key employees of our legal, administrative or finance departments. Our designated legal representatives generally do not have access to the chops. Although we have approval procedures in place and monitor our key employees, including the designated legal representatives of our subsidiaries, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our key employees or designated legal representatives could abuse their authority, for example, by binding our subsidiaries with contracts against our interests, as we would be obligated to honor these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution designate a new legal representative and take legal action to seek the return of the chop, apply for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative's misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations, and our business and operations may be materially and adversely affected.

We may be exposed to credit risk of trade and bills receivables.

As of December 31, 2021, 2022, 2023, our trade and bills receivables amounted to RMB1,208.3 million, RMB2,612.5 million, RMB2,649.7 million, respectively. We may not be able to collect all such trade and other receivables due to a variety of factors that are outside of our control, such as customer default, long payment cycle and changes in government policies. As increases in the amount of provisions made on our trade and bills receivables are recorded as expenses on our results of operations, if we are not able to manage the credit risk associated with our trade and other receivables effectively, our results of operations may be adversely affected.

We are subject to anti-corruption and anti-money laundering laws, financial and economic sanctions, export controls, and similar laws, and non-compliance with such laws can subject us to administrative, civil, and criminal fines and penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, results of operations, financial condition, and reputation.

We are subject to, and required to comply with, anti-corruption and anti-bribery laws (including the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act 2010 and regulations), as well as anti-money laundering laws, financial and economic sanctions, export control laws and regulations, and similar laws and regulations in various jurisdictions in which we conduct activities. The FCPA and the U.K. Bribery Act 2010 prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. Similarly, the U.K. Bribery Act prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. Financial and economic sanctions restrict regulated persons from conducting transactions or dealings with certain countries, regions, governments, and persons, and export control laws regulate (and in some cases prohibit) the export, re-export, or transfer of items subject to the jurisdiction of an export control regulator. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition, and reputation.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We have also entered into joint ventures and/or other business partnerships with government agencies and state-owned or affiliated entities. These interactions subject us to an increased level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents, distributors, customers and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, export controls and similar laws and regulations. However, we currently do not have such policies or procedures in place. Even once introduced, our policies and procedures may not be sufficient and our directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and export control laws or regulations could subject us to whistleblower complaints, adverse media coverage, investigations, administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in export control laws and economic sanctions laws in the future could adversely impact our business and investments in our H Shares.

We are subject to risks associated with our investment in wealth management products.

We made investments in wealth management products during the Track Record Period. The wealth management products we purchased were principal-guaranteed fund products. We are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will result in fair value gains on the wealth management products we invest in or we will not continue to incur any fair value losses on our investments in wealth management products in the future. If we continue to incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our operations may be severely disrupted if we lose their services.

Our success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Our industry is characterized by high demand and intense competition for talent. We cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, because our vehicles are based on a different technology platform as compared to traditional ICE vehicles, individuals with sufficient training in NEVs may not be available, and we will need to expend significant time and expense training the employees we hire. We also require sufficient talent in areas such as software development. Furthermore, as our company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may materially and adversely affect our ability to grow our business and our results of operations.

If any of our executive officers and key employees terminates his or her services with us, we may incur additional expenses to recruit, train, and retain qualified personnel. We have not obtained any "key person" insurance on our key personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, if any dispute arises between our executive officers or key employees and us, the non-competition provisions contained in their non-compete agreements may not be enforceable.

Misconduct by our employees could expose us to potentially significant legal liabilities, reputational harm and/or other damages to our business.

Many of our employees play critical roles in ensuring the quality of our vehicles and services and/or our compliance with relevant laws and regulations. Certain of our employees have access to sensitive information and/or proprietary technologies and know-how. While we have adopted codes of conduct for all of our employees and implemented detailed policies and procedures relating to intellectual property, proprietary information and trade secrets, we cannot assure you that our employees will always abide by these codes, policies and procedures nor that the precautions we take to detect and prevent employee misconduct will always be effective. If any of our employees engages in any misconduct, illegal or suspicious activities, including but not limited to, misappropriation or leakage of sensitive client information or proprietary information, we and such employee could be subject to legal claims and liabilities and our reputation and business could be adversely affected as a result.

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, copyrights trademarks or other proprietary rights that would prevent, limit, or interfere with our ability to make, use, develop, sell, or market our vehicles, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents, copyrights or trademarks regarding their proprietary rights. Companies holding patents, copyrights, trademarks or other intellectual property rights may bring suits alleging infringement of such rights by us or our employees or otherwise assert their rights. Any such intellectual property infringement claim could result in costly litigation and divert our management's attention and resources.

If we or our employees are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease offering vehicles or services that incorporate or use the challenged intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or relevant services which would incur significant cost; or
- establish and maintain alternative branding for our vehicles and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, financial condition and results of operation could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We rely on a combination of patents, trademarks, copyrights, trade secrets, and confidentiality agreements to protect our proprietary rights. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our intellectual proprietary rights. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

There can be no assurance that our application for the registration with competent government authorities of trademarks and other intellectual property rights related to our current or future business will be approved, or our intellectual property rights will not be challenged by third parties or found by the relevant governmental or judicial authority to be invalid or unenforceable. If the relevant trademarks or other intellectual properties could not be registered, we may fail to prevent others from using such intellectual properties, and our business, financial condition, and results of operations may be materially and adversely affected.

Furthermore, policing unauthorized use of proprietary technology is difficult and expensive. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others could bar us from licensing and exploiting our patents. Numerous patents and pending patent applications owned by others exist in the fields where we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. In addition, as our patents may expire and may not be extended and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively.

Our insurance coverage strategy may not be adequate to protect us from all business risks.

We have limited insurance coverage for our vehicles, services and business operations. We maintain property all-risk insurance, machinery breakdown insurance, public liability insurance and all-risk insurance for goods transportation. However, our insurance overage may not protect us from all risks arising from our business operations. A successful liability claim against us, regardless of whether due to injuries suffered by our users, could materially and adversely affect our financial condition, results of operations, and reputation. In addition, we do not have any business disruption insurance. Any business disruption event could result in substantial cost to us and diversion of our resources. Furthermore, we do not have any cyber security insurance coverage for our operations, and any material cyber-attack on our information technology systems could expose us to substantial costs and losses.

We may from time to time be subject to claims, disputes, lawsuits, and other legal and administrative proceedings.

From time to time, we are subject to allegations, and may be party to legal claims and regulatory proceedings relating to our business operations, which may have a material adverse effect to our business operations and financial condition.

In light of the nature of our business, we and our management are susceptible to potential claims or disputes. We and/or certain of our directors and management may from time to time be subject to or involved in various claims, disputes, lawsuits, and other legal and administrative proceedings. Lawsuits and litigations may cause us to incur defense costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings.

We are subject to various environmental and safety laws and regulations that could impose substantial costs upon us and cause delays in building our manufacturing facilities.

We are subject to multiple environmental and safety laws and regulations related to the manufacture of our vehicles, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plant. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. If our factories or any of our other future constructions fails to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of the relevant factory or other constructions, any of which could have a material adverse effect on our business, prospects, financial condition, and results of operation.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operation.

Companies across all industries are facing increasing scrutiny relating to their environmental, social and governance, or ESG, policies. Investors, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG calls for capital, investors and lenders to tilt their investment decisions to favor industries and companies with recognized ESG practices. We design, develop, manufacture, and sell smart NEVs that emit fewer greenhouse gases and air pollutants than ICE vehicles, which significantly reduces carbon emissions while enhancing user experience. We are committed to sustainability and environmental protection as we continue to grow our revenue and expand our production facilities. Despite our continual efforts to adapt to and comply with investor, lender or other industry shareholder expectations and standards related to ESG, we may not be able to always meet the evolving expectations and standards. We may be perceived to not have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so. We may therefore suffer from reputational damage, which will negatively affect our future business, financial condition and stock price.

Our leased property interest or entitlement to other facilities or assets may be defective or subject to liens and our right to lease, own or use the properties affected by such defects or liens, which could cause significant disruption to our business.

Under PRC laws, all lease agreements are required to be registered with the local housing authorities. As of the Latest Practicable Date, we had not yet completed the registration of 28 lease agreements of material properties we leased in the PRC.

Some of the ownership certificates or other similar proof of certain leased properties or authorization documents have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in the event of which we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected.

We have granted, and may continue to grant options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses and dilution of the ownership of existing shareholders if granted options and other types of awards are exercised.

In 2021, 2022 and 2023, we recorded share-based compensation expenses of RMB50.6 million, RMB231.8 million and RMB237.8 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. Also, if the options or other types of awards granted under our share incentive plan are exercised, the ownership of existing shareholders in the Company may be diluted.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, prospects, financial condition, and results of operation.

The global financial markets experienced significant disruptions in 2008. The recovery from the lows of 2008 and 2009 was uneven and the global financial markets are facing new challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve, the economic slowdown in the Eurozone since 2014, uncertainties over the impact of Brexit, the ongoing trade disputes and tariffs, and the impact of COVID-19 outbreak and the related economic policies taken by various governments in the world. The conflicts in Ukraine and Gaza and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. It is unclear whether these challenges will be contained and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies, including China's. Economic conditions in China are sensitive to global economic conditions. Any prolonged slowdown in China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence, and dramatic changes in business and consumer behaviors. Sales of premium products, such as our vehicles, depend in part on discretionary consumer spending and are even more exposed to adverse changes in general economic conditions. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of our vehicles, which may materially and adversely affect our results of operations.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

As we are expanding our global footprint, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our vehicles and services, impact the competitive position of our products or prevent us from selling products in certain countries. If any new tariffs, legislation or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations. In recent years, there have been heightened tensions in international economic relations, including the conflict in Ukraine and sanctions on Russia, as well as the rising tensions between the United States and China. For instance, on October 7, 2022 and October 17, 2023, the Bureau of Industry Security of the U.S. Department of Commerce issued the Interim Final Rules that, among other things, restrict the export, re-export and transfer of certain advanced computing and semiconductor manufacturing item to China to the extent such items are subject to the U.S. Export Administration Regulations. The Interim Final Rules are complex and technical, and we have not analyzed its potential impact on us with the help of outside counsel specializing in U.S. export controls. If certain items supplied by our vendors are subject to the Interim Final Rules, we may be unable to obtain such items in compliance with applicable law, and thus our business may be impacted in material ways. These sanctions and export controls could adversely affect us and/or our supply chain, business partners or customers. Further, if we procure items in violation of U.S. export controls (including those introduced in the Interim Final Rules), we could be exposed to significant penalties, including fines and criminal penalties, and our reputation and results of operations could be materially and adversely affected. It is uncertain whether and when the United States and China will enter into another trade deal in the future.

The U.S. government has issued new rules that expanded the definition of military end use and eliminated the applicability of certain license exceptions for exports to countries including China, thereby expanding the export license requirements for U.S. companies to sell certain items to companies in China that have operations that could support military end uses. The U.S. government has also broadened the restrictions on the sale of goods manufactured outside the United States that are produced using certain controlled U.S.-origin technology or software to companies on a special list, or the Entity List, and the restrictions on the use of U.S.-origin semiconductor manufacturing equipment that produces semiconductor devices for companies on the Entity List.

We have historically dealt with, and continue to deal with today, certain parties on the Entity List. Although we believe that our historic and ongoing dealings with such parties have been consistent with U.S. export control laws and regulations, these laws and regulations are complex and technical, and we have not analyzed our dealings with parties on the Entity List with the help of outside counsel specializing in U.S. export controls.

In addition, political tensions between the United States and China have escalated due to various factors, including trade disputes and the COVID-19 outbreak, and various restrictions related to the Chinese semiconductor industry imposed by the U.S. government. Against this backdrop, China has implemented, and may further implement, measures in response to the changing trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. government. Rising political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition, and results of operations. For example, the recently announced outbound investment restrictions announced by the U.S. government may have unforeseen implications for our business. In March 2024, BIS released an advanced notice of proposed rulemaking seeking comments regarding regulations on certain transactions involving Information and Communication Technology and Services ("ICTS") integral to connected vehicles when designed, developed, manufactured or supplied by persons owned by, controlled by or subject to the jurisdiction or direction of China, among other countries. Final rules relating to ICTS could prohibit or restrict the sales of products developed and offered by us, and consequently significantly affect our business. If any new tariffs, import, export, or investment restrictions, legislation or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

Furthermore, demand for our vehicles depends to a large extent on general, economic, political, and social conditions in China and other markets where we operate. The current international trade tensions and political tensions between the United States and China, and any escalation of such tensions, may have a negative impact on such general, economic, political, and social conditions and accordingly demands for our vehicles, adversely impacting our business, financial condition, and results of operations.

We face risks related to natural disasters, health epidemics, and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics globally. Our results of operations could be adversely affected to the extent that the outbreak harms the economy in general.

We are also vulnerable to natural disasters and other calamities. Our vehicles production, sales, and delivery and our service operations and capacities could be materially and adversely affected by natural disasters and other calamities in the areas where we operate and where our vehicles are sold to. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks, or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures, or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For example, our Company was approved as High and New Technology Enterprises and was subject to a preferential corporate income tax rate of 15% during the Track Record Period. See "Financial Information — Taxation" in this Document. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC authorities may amend or restate regulations on income, withholding, value-added and other taxes. Non-compliance with PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to mainland China tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in overseas countries and regions overseas and are subject to various taxes in these countries and regions. Because the tax environment can be different in different jurisdictions and the regulations regarding taxes are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

Failure to make adequate contributions to various employee benefit plans may subject us to penalties.

PRC laws and regulations require us to participate in various government sponsored employee benefit plans. These benefit plans include social insurance, housing provident fund and other welfare-oriented payment obligations. PRC laws require that we contribute to the plans in amounts equal to certain percentages of salaries of our employees up to maximum amounts specified by the local government at locations where we operate our business. Local governments in China have not consistently implemented requirements regarding employee benefit plans. During the Track Record Period, we contributed to the employee benefit plans in amounts not less than the minimum amounts specified by the local government.

As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities, nor had we been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisor, considering the foregoing, the relevant regulatory policies and confirmations, and in the absence of employee complaints, the likelihood that we are subject to material administrative penalties or be require to settle the outstanding amount is remote. However, there is no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us.

We are subject to stringent labor laws and regulations. Implementation of the labor laws and regulations may adversely affect our business and results of operations. Failure to fully comply with labor-related laws may expose us to potential liabilities and penalties.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance to designated government agencies for the benefit of our employees. For example, pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation, and unilaterally terminating labor contracts. In the event that we decide to terminate any of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to do so or effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may inadvertently violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition, and results of operations will be adversely affected.

Under PRC laws, you may be subject to Chinese income tax on dividends paid by us or gains from transfer or other disposal of H Shares.

Individual holders of H Shares who are not PRC residents and whose names appear on the register of members of H Shares ("PRC resident individual holders") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), issued by the SAT, dividends paid to non-PRC China resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, dependent on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-PRC China resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. For additional information, see "Appendix III — Taxation and Foreign Exchange — The PRC Taxation." However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in the PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, in practice the PRC tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-PRC China resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposal of equity interests in a PRC company, subject to reductions under any special arrangement or applicable treaty between PRC and the jurisdiction in which the non-PRC resident enterprise resides. See "Appendix III — Taxation and Foreign Exchange — The PRC Taxation." There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation regulations by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposal of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC China resident enterprise holders' investments in H Shares may be materially and adversely affected.

Risks Related to the [REDACTED]

There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] for our H Shares resulted from negotiations between us and the [**REDACTED**], and the [**REDACTED**] may differ significantly from the market price for our H Shares following the [**REDACTED**]. We have applied for the [**REDACTED**] of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop or, if it does develop, will be sustained following the [**REDACTED**] or that the market price of our H Shares will not decline following the [**REDACTED**]. Furthermore, the price and trading volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions, or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries, and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares.

Future sales or perceived sales or conversion of substantial amounts of our Shares in the public market, including any future* [REDACTED] *of H Shares or conversion of our* [REDACTED] *Shares into H Shares, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares could decline as a result of future sales or issuances of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the perception that such sales or issuances may occur. Moreover, such future sales or perceived sales may also adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at favorable time and price.

Upon completion of the [**REDACTED**], we would have two classes of Shares: domestic Shares and H Shares. We also raised funds through issuance of Convertible Bonds. Our domestic Shares and Convertible Bonds may be converted into H Shares under certain circumstances, subject to the applicable PRC laws, regulations, and approvals, including internal approval and the approval from the relevant PRC regulatory authorities, and subject to the rules, regulations, and procedures of the Hong Kong Stock Exchange. If a significant number of domestic Shares and Convertible Bonds are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing market price of our H Shares. Additionally, if any of our [**REDACTED**] Shares were to be converted and traded as H Shares on the Hong Kong Stock Exchange, our shareholders would experience a dilution in their holdings upon such [**REDACTED**] and [**REDACTED**]. Furthermore, if additional funds raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to our existing shareholders, the percentage ownership for such shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the H Shares.

Because the* [REDACTED] *of our H Shares is substantially higher than the consolidated net tangible book value per share, purchasers of our H Shares in the* [REDACTED] *may experience immediate dilution upon such purchases and may experience further dilution if we issue additional H Shares upon the exercise of the* [REDACTED] *or if we issue additional Shares in the future to raise additional capital.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we issue additional Shares in the future to raise additional capital.

Our controlling shareholder have substantial control over the Company and their interests may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Dr. Fang will be interested in and will control, directly and indirectly, through the Dr. Fang Controlled Entities and the AIC Arrangements with the Relevant Investors, an aggregate of approximately [**REDACTED**]% of the voting power of our Company. Therefore, Dr. Fang will remain as the controlling shareholder of our Company upon completion of the [**REDACTED**]. See "Relationship with our Controlling Shareholder Group". The interests of our controlling shareholder may differ from the interests of our other shareholders. Our controlling shareholder will have significant influence on the outcome of any corporate transaction or other matters submitted to our shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors, and other significant corporate actions. This concentration of ownership may discourage, delay, or prevent changes in control of our Company that would otherwise benefit our other shareholders. To the extent that the interests of our controlling shareholder conflict with those of our other shareholders, our other shareholders may be deprived of opportunities to advance or protect their interests.

We may have discretion as to how we use the net* [REDACTED] *of the* [REDACTED] *and you may not necessarily agree with how we use them.

Our management may use the net [**REDACTED**] from the [**REDACTED**] in ways that you may not agree with or that do not yield favorable returns for our shareholders. For more details about our use of [**REDACTED**] of the [**REDACTED**], please see "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

However, our management will have discretion as to the actual utilization of the net [**REDACTED**] within the disclosed scope of planned usage. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the net [**REDACTED**] from the [**REDACTED**].

There can be no assurance whether and when we will pay dividends in the future.

Since our inception, we have not declared or paid any dividends on our Shares. We expect to continue to invest in technology and innovation to implement our growth strategies, which we believe will contribute to the value creation for customers, employees and shareholders. Our Board of Directors regularly review our dividend policy by taking into consideration a number of factors, including our evolving strategies, results of operations, financial condition, operating and capital investment requirements and other factors it may deem relevant. Any declaration and payment, as well as the amount of the dividends, will be subject to our Articles and the relevant PRC laws and regulations. In addition, as a holding company, we rely on dividends and other distributions on equity from our subsidiaries for our cash requirements to pay dividends. Our ability to pay dividends may be adversely affected if our subsidiaries fail to adequately pay dividends and other distributions to us in a timely manner due to their respective capital needs. As a result, there can be no assurance whether, when, and in which form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy.

There can be no assurance of the accuracy or completeness of certain facts, forecasts, and other statistics obtained from various government publications, market data providers, and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to our industry. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], and the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should only rely on the information included in this document to make [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Given that (i) our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, namely in the PRC; (ii) our executive Directors and members of the senior management team principally reside in the PRC; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operations located in the PRC, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. At present, our two authorized representatives are Dr. Fang, our executive Director and chairman of the Board, and Ms. Ko Mei Ying (高美英), our company secretary;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and contact address (if different from the residential address)) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), who will act as an additional channel of communication with the Stock Exchange from the [**REDACTED**] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [**REDACTED**]. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Advisor.

WAIVER IN RESPECT OF THE DISCLOSURE REQUIREMENTS REGARDING CHANGES IN SHARE CAPITAL

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in respect of disclosing the particulars of any alternations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

As of the Latest Practicable Date, we had over 90 subsidiaries. We have identified 8 Principal Subsidiaries, which are subsidiaries that we consider material to our operations and/or contributed significantly to our financial performance during the Track Record Period. For further details, please see sections headed "History and Corporate Structure — Principal Subsidiaries and Operating Entities" in this document. These Principal Subsidiaries were identified after extensive consideration by our Company, taking into account various factors from business and financial perspectives, including but not limited to revenue contribution, assets contribution and ownership of material intellectual properties.

It would be unduly burdensome for us to disclose particulars of any alterations in the capital of all our subsidiaries, which would not be material or meaningful to investors. By way of illustration, for each of the years ended December 31, 2021, 2022 and 2023, the aggregate revenue of the Principal Subsidiaries represented approximately 97.8%, 92.8% and 77.3% of our Group's total revenues, respectively. As of December 31, 2021, 2022 and 2023, the aggregate total assets of the Principal Subsidiaries represented approximately 87.5%, 95.6% and 79.2% of our Group's total assets, respectively. Accordingly, the remaining subsidiaries in our Group are not individually significant to the overall results of our Group. Additionally, our non-Principal Subsidiaries do not hold any major or material assets (save for passive financial products and equity investments of our Group), intellectual property rights or other major proprietary technologies or major research and development functions of our Group. Accordingly, the information regarding share capital changes of non-Principal Subsidiaries is immaterial and all the information that is reasonably necessary for the potential [**REDACTED**] to make an informed assessment of our Company's activities or financial position has been included in this document.

As such, only the particulars of the changes in the share capital of our Company and the Principal Subsidiaries are disclosed in the sub-sections headed "— Further Information about our Group — Changes in Share Capital of our Company" and "— Further Information about our Group — Further Information about our Principal Subsidiaries" in the section headed "Statutory and General Information" in Appendix VI.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Hong Kong Listing Rules, a new applicant must, after [**REDACTED**], comply with the announcement, circular and/or independent shareholders' approval requirements (as applicable) for continuing connected transactions entered into by the new applicant or its subsidiaries.

The Company has conducted, and is expected to continue after the [**REDACTED**], certain transactions that will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon the [**REDACTED**].

Accordingly, pursuant to Rule 14A.105 of the Hong Kong Listing Rules, we have applied for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements under Chapter 14A of the Hong Kong Listing Rules in respect of such non-exempt continuing connected transactions. For further details of such continuing connected transactions and the waivers, please see "Connected Transactions."

[**REDACTED**]

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

[REDACTED]

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[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Fang Yunzhou (方運舟)	No. 19, Lane 100 Wuyang Road, Jiangqiao Town Jiading District Shanghai PRC	Chinese
Zhang Yong (張勇)	No. 601, Unit 3, Building 4 Beiyuan District 3, Tiantongyuan Dongxiaokou Town Changping District Beijing PRC	Chinese
Peng Qingfeng (彭慶豐)	No. 130, Jizhai Road, Minhang District, Shanghai, PRC	Chinese
Non-executive Directors		
Peng Mingquan (彭明權)	Room 201, Block D, Dormitory of the Municipal Public Prosecutor's Office Guomao Sanheng Road Longhua District Haikou City Hainan Province PRC	Chinese
Hu Xu (胡旭)	Room 601, Unit 1 Yichun Yuanzhou Branch of China Mobile Communications Group Jiangxi Co., Ltd. 139 Yuanshan East Road Yuanzhou District Yichun Jiangxi Province PRC	Chinese
Xin Hongbo (辛洪波)	No. 5, Provincial North 1st Road Donghu District Nanchang Jiangxi Province PRC	Chinese
Huang Qinian (黃啟年)	Room 1203, Unit 1 Building 2 Yufeng Yinglun 10 Foziling Road Qingxiu District Nanning Guangxi Province PRC	Chinese

Name	Address	Nationality
Hong Zhao (洪兆)	Room 1501, Building 8 No. 14 Zaojunmiao Haidian District Beijing PRC	Chinese
Independent non-executive Directors		
Sit Wing Hang (薛永恒)	Unit B, 7/F Julimount Garden Fu Kin Street Tai Wai New Territories Hong Kong	Chinese (Hong Kong)
Wang Lifang (王麗芳)	No. 701, 4th Floor Xinke Xiangyuan Zhongguancun Haidian District Beijing PRC	Chinese
Ren Xiaochang (任曉常)	4-1, Unit 1 Building 25 Zhujiang Garden 199 Zhigang Avenue Jiulongpo District Chongqing PRC	Chinese
Xue Rui Shirley (薛睿)	7B, Tower 3 The Harbourside 1 Austin Road West Kowloon Hong Kong	Chinese (Hong Kong)
SUPERVISORS		
Zhang Honglei (張洪雷)	No. 130, Jizhai Road, Minhang District, Shanghai, PRC	Chinese
Yan Hepeng (鄢鶴鵬)	Room 3002, Unit 1, Building 8 Zhonghong Tiandi Tongxiang, Jiaxing Zhejiang Province PRC	Chinese
Hu Jianguo (胡建國)	Room 901, No. 6 Lane 99, Langao Road Putuo Province Shanghai PRC	Chinese

See "Directors, Supervisors and Senior Management" for further details.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Center 1 Harbor View Street Central Hong Kong
	Morgan Stanley Asia Limited 46th Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong

[**REDACTED**]

[**REDACTED**]

Legal advisers to our Company	*As to Hong Kong and U.S. laws* **Linklaters** 11/F, Alexandra House Chater Road Central Hong Kong *As to PRC law* **Grandall Law Firm (Shanghai)** 23-25&27/F, Garden Square 968 West Beijing Road Shanghai PRC *As to PRC law in respect of data compliance* **Grandall Law Firm (Beijing)** 9/F, Taikang Financial Tower No. 38 North Dongsanhuan Road Beijing PRC
Legal advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws* **Latham & Watkins LLP** 18th Floor, One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law* **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry consultant	**China Insights Consultancy Limited** 10/F, Block B, Jing'an International Center 88 Puji Road, Jing'an District Shanghai PRC

[REDACTED]

Registered office	No. 988, Tongren Road Wutong Street Zhejiang Province PRC
Headquarters	1-4/F, 452 Daduhe Road Putuo District Shanghai PRC
Principal place of business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Company website	**www.hozonauto.com** *(the information contained on this website does not form part of this document)*
Company secretary	Ko Mei Ying (高美英) *(ACG HKACG CPA)* 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Authorized representatives	Fang Yunzhou (方運舟) No. 19, Lane 100 Wuyang Road, Jiangqiao Town Jiading District Shanghai PRC
	Ko Mei Ying (高美英) *(ACG HKACG CPA)* 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Audit committee	Xue Rui Shirley (薛睿) *(Chairperson)* Wang Lifang (王麗芳) Sit Wing Hang (薛永恒)
Remuneration and appraisal committee	Sit Wing Hang (薛永恒) *(Chairperson)* Fang Yunzhou (方運舟) Ren Xiaochang (任曉常)

Nomination committee

Fang Yunzhou (方運舟) *(Chairperson)*
Sit Wing Hang (薛永恒)
Ren Xiaochang (任曉常)

[**REDACTED**]

Compliance adviser

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

Principal banks

Bank of Communications Co., Ltd.
Shanghai Dongfang Huijing Sub-branch
No. 333, Lujiazui Ring Road
Pudong New Area
Shanghai
PRC

Hua Xia Bank Co., Limited Shanghai Yangpu Sub-branch
No. 1207 Kongjiang Road
Yangpu District
Shanghai
PRC

China CITIC Bank Corporation Limited
Shanghai Branch
No. 138, Shiboguan Road, Shanghai Zhongxin Mansion
Pudong New Area
Shanghai
PRC

Bank of Shanghai Co., Ltd.
Changning Sub-branch
No. 320 Xianxia Road
Changning District
Shanghai
PRC

REGULATIONS RELATING TO PRODUCTION ACCESS FOR NEVS

According to the laws and regulations of the PRC, a newly established NEV manufacturer shall file with the local competent department of the National Development and Reform Commission in respect of the whole vehicle investment projects for the purpose of the production of NEVs, and obtain approval from the Ministry of Industry and Information Technology (hereinafter referred to as the "**MIIT**") regarding the access of the NEV manufacturer and the products.

According to the Regulations on the Administration of Investments in the Automobile Industry (《汽車產業投資管理規定》) issued by the National Development and Reform Commission (hereinafter referred to as the "**NDRC**") on December 10, 2018 and effective on January 10, 2019, both whole vehicle and other investment projects are subject to filing management by local development and reform authorities, with whole vehicle investment projects to be filed with provincial development and reform authorities.

According to the Administrative Regulations for the Access of NEV Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》) promulgated by the MIIT on January 6, 2017, amended on July 24, 2020 and effective from September 1, 2020, the MIIT is responsible for implementing the access, supervision, and management of NEV manufacturers and products nationwide. The MIIT promulgated the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products (《道路機動車輛生產企業及產品公告》), which lists the enterprises and products that have passed the examination to gain access to automobile production. NEV manufacturers shall comply with the requirements on production capacity, product production consistency assurance capability, after-sales service, and product safety assurance capability as set out in the Administrative Regulations for the Access of NEV Manufacturers and Products, and meet the relevant requirements of the NEV Manufacturers Access Review Requirements (《新能源汽車生產企業准入審查要求》); NEV products shall meet the standard requirements of the Special Inspection Items and Basis Standards for NEV Products (《新能源汽車產品專項檢驗項目及依據標準》), pass the tests of the state-accredited testing institutions, and satisfy the safety technical conditions stipulated by the MIIT. Any NEV manufacturer, before obtaining the access approval, manufacturing, or selling any NEV will face penalties including fines, forfeiture of illegally manufactured and sold vehicles and components, and revocation of its business licenses.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (hereinafter referred to as the "**2021 Negative List**") promulgated by the MOFCOM and the NDRC on December 27, 2021 and effective on January 1, 2022, as well as the Catalogue of Industries for Encouraging Foreign Investment (2022) (《鼓勵外商投資產業目錄》(2022年版)) promulgated by the NDRC and the MOFCOM on October 26, 2022 and effective on January 1, 2023, the manufacturing of NEVs is not a prohibited or restricted industry of foreign investment. At the same time, restrictions on the proportion of foreign investment in passenger vehicle manufacturing and the establishment of two or fewer joint ventures producing similar whole vehicle products by the same foreign investor are lifted.

REGULATIONS RELATING TO AUTOMOBILE SALES AND PROTECTION OF CONSUMER RIGHTS AND INTERESTS

According to the Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) promulgated by the MOFCOM on April 5, 2017 and effective on July 1, 2017, local competent commerce departments at or above the county level shall supervise and manage the automobile sales and relevant activities of providing relevant services within their respective administrative regions. Automobile suppliers and dealers shall file the basic information through the National Automobile Circulation Information Management System of the competent commerce department of the State Council within 90 days from the date of obtaining their business licenses. Where there is any change to the information, its update shall be made within 30 days from the date of the change. Automobile suppliers and dealers shall sell automobiles, accessories, and other related products that comply with the relevant national provisions and standards. A dealer shall, at its business premise, expressly indicate the prices of the products to be sold and the standards for various service fees, and shall not sell any product at increased price or collect any additional fee. A dealer shall expressly indicate the product quality assurance, warranty services, and other after-sales service policies that consumers need to know for the automobiles to be sold.

According to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on October 31, 1993, amended on October 25, 2013, and effective on March 15, 2014, business operators shall guarantee that their provided commodities or services meet the requirements on personal and property safety. For commodities and services which may endanger personal or property safety, business operators shall provide consumers with true explanations and clear warnings, explaining and indicating the correct methods of using commodities or receiving services and the methods for preventing damage. After discovering any defects which may endanger personal or property safety in their provided commodities or services, business operators shall immediately report to the relevant administrative departments and inform consumers; and take measures such as cessation of sale, issuance of a warning, recall, harmless treatment, destruction, and cessation of production or service. Business operators who fail to comply with consumer protection regulations shall bear civil or criminal liability in accordance with law.

REGULATIONS RELATING TO PRODUCT QUALITY AND RECALL OF DEFECTIVE AUTOMOBILE PRODUCTS

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective on the same day, the market regulatory authorities of the State Council are responsible for the supervision and administration of the quality of products of the whole country. Producers and sellers shall be prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the Regulations on the Administration of the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例》) promulgated by the State Council on October 22, 2012 and amended on March 2, 2019, the product quality supervision department of the State Council shall be responsible for the national supervision and administration of the recall of defective automobile products. If an automobile producer learns that an automobile product may be defective, it shall immediately organize an investigation and analysis, and truthfully report the investigation and analysis results to the product quality supervision department of the State Council. If an automobile producer confirms that the automobile products are defective, it shall immediately stop producing, selling, and importing defective automobile products, and implement a recall of all defective automobile products. At the same time, a recall plan shall be formulated and filed with the product quality supervision and administration department of the State Council. The filed recall plan with amendments shall be re-filed. If the producer fails to implement a recall, the product quality supervision department of the State Council shall order the recall. Automobile producers who conceal defects, refuse to recall after being ordered to do so, or fail to stop production, sales, or import of defective automobile products will be ordered to make corrections and fined. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the relevant license shall be revoked by the licensing authority.

According to the Measures for the Implementation of the Regulations on the Administration of the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》) published on November 27, 2015 and amended on October 23, 2020 by the the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (which was merged with the State Administration for Market Regulation) (hereinafter referred to as the "**SAMR**"), the SAMR shall be responsible for the supervision and administration of the recall of defective automobile products nationwide. A producer implementing a recall shall formulate a recall plan and file it with the SAMR. At the same time, it shall notify the business operator in an effective manner. Producers modifying the recall plan that has already been filed shall file it again with the SAMR and submit explanatory materials. Producers shall publish information on defective automobile products and relevant information on recalls through newspapers, websites, radio, television, and other means that are easily accessible to the public, and inform car owners of the defects in the automobile products, emergency response measures to avoid damage, and measures taken by the producers to eliminate defects.

According to the Notice of the General Office of the State Administration for Market Regulation on Further Strengthening the Supervision on the Recall of Vehicle Remote Upgrade (OTA) Technology (《市場監管總局辦公廳關於進一步加強汽車遠程升級(OTA)技術召回監管的通知》) promulgated by the SAMR on November 23, 2020 and effective on the same day, producers who use OTA to carry out technical service activities for sold vehicles shall file with the Quality Development Bureau of the SAMR. Producers who use OTA to eliminate defects in automobile products and implement recalls shall formulate a recall plan and file it with the Quality Development Bureau of the SAMR. If the OTA method fails to effectively eliminate defects or causes new defects, producers shall take recall measures again.

According to the Notice on the Filing of Online Upgrade of Automobile Software (《關於開展汽車軟件在線升級備案的通知》) promulgated and implemented by the MIIT Equipment Industry Development Center on April 15, 2022, filing shall be made for a whole vehicle manufacturer that has obtained the manufacturing permission license for road vehicles, the whole vehicle products with OTA upgrade function produced and the OTA upgrade activities conducted by it, with tiered filing based on the impact assessment of specific upgrading activities. In particular, it can be divided into three categories: (1) for upgrading activities not involving changes in product safety, environmental protection, energy saving, anti-theft, and other technical performance, enterprises may directly conduct such upgrading activities after filing; (2) for upgrading activities involving changes in product safety, environmental protection, energy saving, anti-theft, and other technical performance, enterprises shall submit verification materials to ensure that the products comply with national laws and regulations, technical standards, and specifications, as well as other relevant requirements. Among them, for upgrading activities involving the change of technical parameters in the Notice, enterprises shall apply for product change or extension with the MIIT in accordance with the management requirements of the Notice before filing such upgrading activities, with such upgrade subject to the completion of product admission under the Notice according to the process, so as to ensure the consistency of vehicle product production; (3) for upgrading activities involving vehicle autonomous driving functions (level 3 and above of driving automation classification), they should be approved by the MIIT.

According to the Guiding Opinions on Further Strengthening the Construction of Safety System for NEV Enterprises (《關於進一步加強新能源汽車企業安全體系建設的指導意見》) issued by the MIIT, the Ministry of Public Security, the Ministry of Transport, the Ministry of Emergency Management, and the SAMR on March 29, 2022, enterprises shall comprehensively enhance the safety capabilities of enterprises in safety management mechanism, product quality, operation monitoring, after-sales service, accident response, and handling, as well as network security, improve the safety of NEVs, and promote the high-quality development of the NEV industry.

REGULATIONS RELATING TO COMPULSORY PRODUCT CERTIFICATION

According to the Administrative Regulations on Compulsory Product Certification (amended in 2022) (《強制性產品認證管理規定》(2022年修訂)) promulgated by the SAMR on July 3, 2009, amended on September 29, 2022, and became effective on November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organization, implementation, supervision, administration, and comprehensive coordination of the compulsory product certification of the whole country, while local market regulation and administration authorities at county level or above are responsible for the supervision and administration of compulsory product certification activities within their jurisdiction. With respect to products which are subject to compulsory product certification, China has issued a uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards. According to the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》), which was issued by the SAMR jointly with the Certification and Accreditation Administration of the People's Republic of China and effective from December 3, 2001, the motor vehicles and their safety accessories, motor vehicle tires, and safety glass in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

REGULATIONS RELATING TO BATTERY RECYCLING FOR NEVS

The Interim Measures for the Administration of Recycling Traction Batteries of NEVs (《新能源汽車動力蓄電池回收利用管理暫行辦法》), which was promulgated by the MIIT, the Ministry of Science and Technology, the Ministry of Ecology and Environment, the Ministry of Transport, the MOFCOM, the SAMR, and the National Energy Administration on January 26, 2018 and effective on August 1, 2018, implements the system of extended responsibility of producers, according to which the main responsibility for traction battery recycling is borne by automobile manufacturers, and relevant enterprises shall fulfill their corresponding responsibilities in all aspects of traction battery recycling and utilization to ensure the effective use and environmentally friendly disposal of traction batteries.

According to the Interim Provisions on Traceability Management of Traction Battery Recycling for NEVs (《新能源汽車動力蓄電池回收利用溯源管理暫行規定》), which was issued by the MIIT on July 2, 2018 and effective from August 1, 2018, the "Integrated Management Platform for National Monitoring of NEVs and Traceability of Traction Battery Recycling and Utilization" (新能源汽車國家監測與動力蓄電池回收利用溯源綜合管理平台) shall be established to collect information on the whole lifecycle of traction battery production, sales, use, disposal, recycling, and utilization, and to monitor the fulfillment of the responsibility of battery recycling and utilization by the subjects of each link. From the effective date of the Provisions, the NEV products that have obtained the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products and the imported NEVs that have obtained compulsory product certification are managed in a traceable manner. For the NEV products that have obtained access approval and the imported NEVs that have obtained compulsory product certification before the effective date of the Provisions, the implementation of traceability management will be delayed for 12 months. If, after the deadline, it is necessary to use traction batteries that are not coded according to national standards in the process of maintenance or other processes, an explanation shall be submitted.

FAVORABLE POLICIES ON NEV IN CHINA

1. Government Subsidies for NEV Purchasers

According to the Notice of the Policies on Government Subsidies for Promotion and Application of NEVs in 2016-2020 (《關於2016-2020年新能源汽車推廣應用財政支持政策的通知》) jointly promulgated by the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC on April 22, 2015 and effective from the same date, those who purchase NEVs included in the Catalogue of Recommended NEV Models for Promotion and Application (《新能源汽車推廣應用工程推薦車型目錄》) from 2016 to 2020 may obtain subsidies. The Notice specifies that the subjects of the subsidies for NEV purchases are consumers, who will receive the subsidy in the form of an amount settled between the NEV manufacturer and the consumer at the price after deducting the subsidy when selling the product, and then the subsidy advanced by the enterprise will be paid by the central government to the NEV manufacturer in accordance with procedures. According to the Notice, the subsidy standard for other models (excluding fuel cell vehicles) for 2017 to 2020 is appropriately reduced, of which, the subsidy standard for 2017 to 2018 is reduced by 20% as compared to that of 2016, and for 2019 to 2020 by 40% as compared to that of 2016.

According to the Notice of Adjusting the Policies on Government Subsidies for Promotion and Application of NEVs (《關於調整新能源汽車推廣應用財政補貼政策的通知》) jointly promulgated by the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC on December 29, 2016 and effective from January 1, 2017, the threshold of the Catalogue of Recommended Models for obtaining government subsidies was raised and the subsidy standards for NEVs were adjusted, such that the subsidy from local government shall not exceed the limit of 50% of the subsidy from the central government for every vehicle. Meanwhile, it specifies that the central and local subsidy standards and caps for other models (excluding fuel cell vehicles) from 2019 to 2020 will be reduced by 20% as compared to the then existing subsidy standards.

According to the Notice of Adjusting and Improving the Policies on the Government Subsidies for Promotion and Application of NEVs (《關於調整完善新能源汽車推廣應用財政補貼政策的通知》) (or referred to as the "**2018 Notice of the Polices on Government Subsidies for Vehicles**") and the Notice of Further Improving the Policies on Government Subsidies for Promotion and Application of NEVs (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》) (Caijian [2019] No. 138) (or referred to as the "**2019 Notice of the Polices on**

Government Subsidies for Vehicles") jointly promulgated by the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC between 2018 and 2019, the aforementioned notices gradually adjusted the subsidy scheme for the promotion of NEVs and the product technical specifications for NEVs.

According to the Notice of Improving the Policies on Government Subsidies for Promotion and Application of NEVs (《關於完善新能源汽車推廣應用財政補貼政策的通知》) (or referred to as the "**2020 Notice of the Policies on Government Subsidies for Vehicles**") jointly promulgated by the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC on April 23, 2020 and came into effect on the same day, the implementation period of the policies on government subsidies for NEVs was extended to the end of 2022, and it confirms that the subsidy standards for 2020 to 2022 will be in principle reduced by 10%, 20%, and 30% respectively from a year earlier, and the subsidized vehicles shall be in principle capped at approximately 2 million units per year. The Notice stipulates that since 2020, NEV and commercial vehicle enterprises shall make a single application for subsidy settlement of 10,000 and 1,000 units, respectively, and NEVs must be sold for not more than RMB300,000 before the subsidy, except for the vehicles adopting battery-swapping technology. According to the Notice on Further Improving the Policies on Government Subsidies for Promotion and Application of NEVs (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》) (or referred to as the "**2021 Supplementary Notice of the Polices on Government Subsidies for Vehicles**") jointly promulgated by the abovementioned four departments on December 31, 2020 and came into effect on January 1, 2021, the Supplementary Notice specifies that the subsidy standard for NEVs in 2021 will be reduced by 20% as compared to that of 2020. According to the Notice of Improving the Policies on Government Subsidies for Promotion and Application of NEVs in 2022 (《關於2022年新能源汽車推廣應用財政補貼政策的通知》) (or referred to as the "**2022 Supplementary Notice of the Policies on Government Subsidies for Vehicles**") further jointly promulgated by the abovementioned four departments on December 31, 2021 and came into effect on January 1, 2022, the Notice specifies that the subsidy standard for NEVs in 2022 will be reduced by 30% as compared to that of 2021 and it also specifies that the 2022 policies on government subsidies for the purchase of NEVs ended on December 31, 2022.

2. Exemption from Vehicle Purchase Tax

According to the Announcement on the Exemption of Vehicle Purchase Tax on NEV (《關於免徵新能源汽車車輛購置稅的公告》) jointly promulgated by the Ministry of Finance, the State Administration of Taxation, MIIT, and the Ministry of Science and Technology on December 26, 2017 and implemented on January 1, 2018, from January 1, 2018 to December 31, 2020, the purchase of NEV in the Catalogue of NEV Exempted from Vehicle Purchase Tax (《免徵車輛購置稅的新能源汽車車型目錄》) was exempted from vehicle purchase tax.

According to the Announcement on the Relevant Policies on the Exemption of Vehicle Purchase Tax for NEV (《關於新能源汽車免徵車輛購置稅有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Administration of Taxation, and MIIT on April 16, 2020 and came into effect on January 1, 2021, it is expressively stated that the purchase tax exemption period was to be further extended to December 31, 2022.

On August 19, 2022, at the executive meeting held by the State Council, it was decided that for NEVs, the policy on vehicle purchase tax exemption will be extended until the end of 2023, with the continuous support of exemption from vehicle and vessel tax, consumption tax, right of way, license plate, etc.

According to the Announcement on the Exemption of Vehicle Purchase Tax on New Energy Vehicles (《關於延續新能源汽車免徵車輛購置稅政策的公告》) jointly promulgated by he Ministry of Finance, the State Administration of Taxation and the Ministry of Industry and Information Technology on September 18, 2022 and came into effect on the same date, it is expressively stated that the tax exemption period for purchase of new energy vehicles was further extended to December 31, 2023.

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles 《關於延續和優化新能源汽車車輛購置稅減免政策的公告》 jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the Ministry of Industry and Information Technology on June 19, 2023 and came into effect on the same date, it is expressively stated that the purchase tax exemption period for purchase of new energy vehicles was further extended to December 31, 2025; of which the tax exemption amount for each new energy passenger vehicle is not more than RMB30,000; vehicle purchase tax for new energy vehicles with purchase dates from January 1, 2026 to December 31, 2027 is reduced by half, of which the tax reduction amount for each new energy passenger vehicle is not more than RMB15,000.

3. Exemption of Vehicle and Vessel Tax

According to the Notice of Preferential Vehicle and Vessel Tax Policies for Energy-saving and New-energy Vehicles and Vessels (《關於節能、新能源車船享受車船稅優惠政策的通知》) jointly promulgated by the MOF, the Ministry of Transport, the SAT, and the MIIT on July 10, 2018 and effective from the same date, purely electric commercial vehicles, plug-in (including extended-range) hybrid vehicles, and fuel cell commercial vehicles are exempt from vehicle and vessel tax, whereas purely electric passenger vehicle and fuel cell passenger vehicles are not subject to vehicle and vessel tax. The Catalogue of NEV Models Enjoying Vehicle and Vessel Tax Reduction and Exemption (《享受車船稅減免優惠的節約能源使用新能源汽車車型目錄》) jointly promulgated by MIIT and the SAT from time to time lists the NEV models eligible for enjoying vehicle and vessel tax reduction and exemption.

4. Plates of NEVs

In order to ease road traffic congestion and improve air quality, local governments in Beijing, Shanghai, Guangzhou, Shenzhen, and Hangzhou, China have issued restrictions on the issuance of plates, while generally offered exemption from such restrictions for the plates of NEVs, allowing NEV consumers to obtain plates more easily. For example, according to the Implementation Measures on Encouraging Purchase and Use of NEVs in Shanghai (《上海市鼓勵購買和使用新能源汽車實施辦法》) jointly promulgated by the Shanghai Development and Reform Commission, Shanghai Municipal Commission of Economy and Informatization, Shanghai Municipal Commission of Commerce, Shanghai Municipal Transportation Commission, and Shanghai Public Security Bureau on February 4, 2021 and effective from March 1, 2021, from the date of implementation to December 31, 2023, the special plate quota will be issued for free to qualified consumers who purchase NEVs, while from January 1, 2023, the special license plate quota will no longer issued to consumers who purchase plug-in hybrid (including extended-range) vehicles.

According to the Procedures of Shanghai Municipality for the Implementation of the Pilot Program of Encouraging Private Purchase and Use of New Energy Automobiles (2023) (《上海市鼓勵購買和使用新能源汽車實施辦法(2023)》) jointly promulgated by the Municipal Development & Reform Commission, the Municipal Commission of Economy and Informatization, the Municipal Finance Bureau, the Municipal Science and Technology Commission, and the Municipal Public Security Bureau on December 14, 2023 and implemented on January 1, 2024, it is clearly expressed that the period for issuing special license plate quotas for new energy automobiles to eligible consumers for free is extended to December 31, 2024.

5. Policies Relating to Incentives for NEV Charging Infrastructure

According to the Guiding Opinions on Accelerating the Promotion and Application of NEVs (《關於加快新能源汽車推廣應用的指導意見》) promulgated by the General Office of the State Council and became effective on July 14, 2014, the Guiding Opinions on Accelerating the Construction of Electric Vehicle Charging Infrastructure (《關於加快電動汽車充電基礎設施建設的指導意見》) promulgated and became effective on September 29, 2015 and the Guidance on the Development of Electric Vehicle Charging Infrastructure (2015-2020) (《電動汽車充電基礎設施發展指南(2015-2020年)》) promulgated by the NDRC, the National Energy Administration, the MIIT and the MOHURD and became effective on October 9, 2015, the PRC government has actively promoted the construction of charging infrastructure and requires local governments to actively build urban public charging facilities and appropriately simplify relevant planning and construction approval, improve the policies on fiscal prices, and gradually standardize the charging services pricing mechanism.

According to the Notice of the Incentive Policies on the 13th Five-Year Plan NEV Charging Infrastructure and the Strengthening in the Promotion and Application of NEVs (《關於「十三五」新能源汽車充電基礎設施獎勵政策及加強新能源汽車推廣應用的通知》) jointly promulgated and implemented by Ministry of Finance, the Ministry of Science and Technology, the MIIT, the NDRC, and the NEA on January 11, 2016, from 2016 to 2020, the central government will provide incentives and subsidies to local governments with relatively sound charging infrastructure and relatively large-sized promotion and application of NEVs to encourage them to formulate and introduce measures on charging infrastructure construction and operation management and local incentive policies in line with local realities.

According to the Notice on Accelerating the Development of Electric Vehicle Charging Infrastructure in Residential Areas (《關於加快居民區電動汽車充電基礎設施建設的通知》) jointly promulgated by the NDRC, the NEA, the MIIT, and the MOHURD and became effective on July 25, 2016, new residential areas shall unify the laying of power supply lines to dedicated fixed parking spaces (with conditions for laying power supply lines to be imposed) with pre-reserved room for meter boxes, charging facility installation locations, and electricity capacity, and develop the construction plans on power supply facilities for public parking spaces according to local conditions, facilitating the construction and installation of charging infrastructure, and local governments are encouraged to take the lead in developing a comprehensive pilot construction program for the construction and operation of charging infrastructure in residential areas and actively carrying out pilot demonstrations.

According to the Development Plan for the NEV Industry (2021-2035) (《新能源汽車產業發展規劃(2021-2035年)》) promulgated by the General Office of State Council and became effective on October 20, 2020, PRC will accelerate construction of charging infrastructure, improve the level of charging infrastructure services, and encourage business model innovation.

Pursuant to the Opinions on Promoting Urbanization Construction with County Towns as an Important Carrier (《關於推進以縣城為重要載體的城鎮化建設的意見》) issued and implemented by the General Office of the CPC Central Committee and the General Office of the State Council on May 6, 2022, it emphasizes to improve municipal transportation facilities and to accelerate the construction of charging piles by optimizing the construction layout of public charging and replacement facilities.

Pursuant to the Notice on the Issuance of Financial Support to Facilitate Efforts in Reaching Peak Carbon Dioxide Emissions and Carbon Neutralization (《關於印發財政支持做好碳達峰碳中和工作的意見的通知》) issued by the Ministry of finance and became effective on May 25, 2022, it proposes to vigorously support the development of NEVs and improve the supporting policies for charging and replacement infrastructure.

According to the Implementation Plan for New-type Urbanization During the 14th Five-Year (《「十四五」新型城鎮化實施方案》) promulgated by the NDRC and became effective on June 21, 2022, it proposes to optimize the construction layout of public charging facilities, improve the charging facilities of residential areas and public parking, and construct charging facilities or reserve installation conditions for all the reserved parking spaces of new residential areas.

According to the Implementation Plan for Reaching Peak Carbon Dioxide Emissions in Urban-Rural Development (《城鄉建設領域碳達峰實施方案》) promulgated and implemented by the MOHURD and the NDRC on June 30, 2022, it encouraged the selection of NEVs and promoted the construction of community charging and replacement facilities.

According to the Action Plan for Accelerating the Construction of Charging Infrastructure Along Highways (《加快推進公路沿線充電基礎設施建設行動方案》) issued and implemented by the Ministry of Transport, the National Energy Administration, the State Grid Corporation of China, and China Southern Power Grid Co., Ltd. on August 1, 2022, the promotion of charging infrastructure construction along highways will be accelerated, and they would strive to provide basic charging services in expressway service areas nationwide (except in high-cold regions and high-altitude areas) by the end of 2022; basic charging services can be provided in ordinary national and provincial trunk highway service areas (stations) with conditions by the end of 2023. By the end of 2025, the charging infrastructure of expressways and ordinary national and provincial highway service areas (stations) will be further encrypted and optimized, and the coverage of rural highways will be effective. The charging infrastructure network along the highway with good operation and maintenance services and guaranteed travel of the people can better meet the public's demand for high-quality and diversified travel services.

6. Corporate Average Fuel Consumption and NEV Credits Scheme for Vehicle Manufacturers and Importers

According to the Measure on the Parallel Administration of the Corporate Average Fuel Consumption and NEV Credits of Passenger Vehicle Enterprises (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》) jointly promulgated by the MIIT, the MOF, the MOFCOM, the General Administration of Customs, and the SAMR on September 27, 2017 and effective from April 1, 2018, and latest amended on June 29, 2023 and implemented on August 1 , 2023, the MIIT shall establish a vehicle fuel consumption and new energy vehicle points management platform, to comprehensively promote the publicity, transfer, transaction and other work of the average fuel consumption and new energy vehicle points of enterprises. Passenger vehicles enterprises shall, according to the requirements of the MIIT, submit the relevant data of the fuel consumption of passenger vehicles manufactured and imported by them and new energy passenger vehicles; and conduct transfer or trading of points through the vehicle fuel consumption and new energy vehicle points management platform.

7. Recent Policies to Promote NEV Consumption

Pursuant to the Guiding Opinions on Further Promoting Electric Energy as Replacement (《關於進一步推進電能替代的指導意見》) jointly issued by ten ministries and commissions including the NDRC and the MIIT on March 4, 2022, it proposes to further promote the electrification of the transportation sector. It suggests the acceleration of the electrification of urban public transport by prioritizing the use of NEVs in sectors such as urban public transport, taxis, sanitation, postal services, logistics, and distribution. Where vehicles and equipment need to be added and replaced in key areas of air pollution prevention and control such as ports and airports, those areas shall prioritize the use of NEVs. Besides, it vigorously promotes household electric vehicles and pushes to speed up the construction of infrastructure such as electric vehicle charging piles.

Pursuant to the Opinions on Further Unleashing Consumption Potential to Promote Sustained Recovery of Consumption (《關於進一步釋放消費潛力促進消費持續恢復的意見》) issued and implemented by the General Office of the State Council on April 20, 2022, it emphasizes to break down the barriers of consumption restrictions. One of the initiatives is to steadily increase the consumption of automobiles and other consumption in bulk stocks and no additional vehicle purchase restriction measures shall be issued in all regions. In the regions where purchase restrictions have been implemented, it shall gradually increase the number of vehicle increment indicators, relax the eligibility criteria for vehicle purchasers, and gradually remove vehicle purchase restrictions based on local conditions. It also vigorously develop green consumption and continue to support the acceleration of development of NEVs, as well as fully tap into the consumption potential in counties and townships, while emphasizing on guiding enterprises to carry out promotions in rural areas with the focus on automobiles and home appliances, encouraging eligible areas to introduce NEVs and green smart home appliances to the countryside, and promoting the construction of charging piles (stations) and other supporting facilities, so as to fully explore consumption potentials from counties and villages.

Pursuant to the Notice of the State Council on Issuance of a Series of Policies and Measures to Consolidate and Stabilize the Economy (《國務院關於印發紮實穩住經濟一攬子政策措施的通知》) issued by the State Council and implemented on May 24, 2022, it emphasizes to steadily increase the consumption of automobiles and other consumption in bulk stock, and no additional automobile purchase restrictions shall be issued in all regions. In the regions where purchase restrictions have been implemented, it shall gradually increase the number of vehicle increment indicators, relax the eligibility criteria for vehicle purchasers, and encourage the implementation of differentiated policies based on urban and rural indicators; optimize the investment, construction and operation models of NEV charging piles (stations), gradually realize full coverage of charging facilities in all communities and operating parking lots, and accelerate the construction of charging piles (stations) in expressway service areas, passenger transport hubs, and other areas.

According to the Notice on the Measures for Invigorating Automobile Circulation and Boosting Automobile Consumption (《關於搞活汽車流通擴大汽車消 費若干措施的通知》) issued by 17 departments including the MOFCOM and implemented on July 5, 2022, it provided to (1) support the purchase and use of NEVs; (2) accelerate the activation of the second-hand cars market; (3) promote vehicle renewal consumption; (4) promote the sustainable and healthy development of the parallel import of vehicles; (5) optimize the environment for vehicle use; (6) enrich vehicle financing services.

In addition, various provinces and cities recently have also actively responded and introduced tailor-made domestics polices for promoting vehicle consumption. For example: (1) On January 20, 2023, the Shanghai Municipal People's Government issued the Work Plan for Improving Confidence, Expanding Demand, Stabilizing Growth, and Promoting Development for Shanghai (《上海市提信心擴需求穩增長促發展行動方案》) which became effective from February 1, 2023. Purely electric vehicles, plug-in (including extended-range) hybrid vehicles, and fuel cell vehicles, which are purchased between January 1, 2023 and December 31, 2023 and have been included in the Catalogue of NEV Exempted from Vehicle Purchase Tax (《免徵車輛購置稅的新能源汽車車型目錄》), are exempt from vehicle purchase tax, while the replacement subsidy for NEVs remains effective. Prior to June 30, 2023, individual consumers who scrap or transfer out a passenger car registered under his name in Shanghai which meets the relevant standards and then purchase a battery electric vehicle are entitled to financial subsidies of RMB10,000 per vehicle; (2) On March 16, 2023, seven departments including the Beijing Municipal Bureau of Commerce jointly formulated and issued the Plan on Encouraging Automobile Renewal and Consumption in Beijing (《北京市關於鼓勵汽車更新換代消費的方案》). Vehicle owners who are natural persons can receive subsidies according to the regulations as long as they meet the conditions of scraping or transferring out passenger cars registered in Beijing under their names for more than one year and newly purchasing new energy passenger cars from automobile sales enterprises in the city during the period from 0:00 on March 1, 2023 to 24:00 on August 31, 2023, for which uniform invoices for the sale of motor vehicles are to be issued, and completing the registration procedures for new energy passenger cars before September 30, 2023). Subsidies for scraping or transferring out new energy passenger cars are RMB8,000 per unit; subsidies for scraping or transferring out other types of passenger cars (non-NEVs) that have been used for 1 to 6 years are RMB8,000 per unit; subsidies for scraping or transferring out other passenger cars that have been used for more than 6 years (inclusive) are RMB10,000 per unit; (3) The Guangzhou Office of the Leading Group for the Development of NEV issued the Guidance on the Encouraging and Supporting the Promotion and Application of NEVs for Individual Consumers in Guangzhou (《廣州市鼓勵支持個人領域新能源汽車推廣應用工作指引》) on March 31, 2023. According to the guidance, individual consumers who purchase qualified NEVs in Guangzhou during the period from March 1 to December 31, 2023 (subject to invoice date) and complete the registration before January 31, 2024 are eligible for the subsidies. According to the subsidy criteria, the following subsidies will be given to individual consumers who meet the application conditions: subsidies for vehicles with an uniform invoice price (including tax) for the sale of motor vehicles (hereinafter referred to as the "vehicle price") ranging from RMB100,000 (inclusive) to RMB150,000 are RMB10,000 per unit; subsidies for vehicles with a vehicle price ranging from RMB150,000 (inclusive) to RMB200,000 are RMB8,000 per unit; subsidies for vehicles with a vehicle price of RMB200,000 or more are RMB6,000 per unit.

REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

Pursuant to the Decision on the Maintenance of Internet Security of the Standing Committee of the National People's Congress (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) passed by the Standing Committee of the National People's Congress on December 28, 2000 and last amended and effective from August 27, 2009, anyone who make use of the Internet to commit to any of the following acts constitutes a crime and shall be investigated for criminal responsibility in accordance with the criminal laws: (1) invading the computer data system of state affairs, national defense buildup, or the sophisticated realms of science and technology; (2) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications network; (3) in violation of state regulations, discontinuing the computer network or the communications service without authorization, thus making it impossible for the computer network or the communications system to operate normally; (4) making use of the computer network to spread rumors or libels or to publicize or disseminate other harmful information for purpose of instigating attempts to subvert state power and overthrow the socialist system, or to split the country and undermine unification of the state; (5) stealing or divulging state secrets, intelligence, or military secrets via the computer network; (6) making use of the computer network to instigate ethnic hostility or discrimination, and thus undermining national unity; (7) making use of the computer network to form cult organizations or contact members of cult organizations, thus obstructing the implementation of state laws and administrative regulations; (8) making use of the computer network to sell shoddy products or give false publicity to commodities or services; (9) making use of the computer network to jeopardize another person's business credibility and commodity reputation; (10) making use of the computer network to infringe on another person's intellectual property right; (11) making use of the computer network to fabricate and spread false information which affects the exchange of securities and futures or other information which disrupts financial order; (12) establishing on the computer network pornographic web sites or web pages, providing services for connecting pornographic web sites, or spreading pornographic books and periodicals, movies, audiovisuals, or pictures.

Pursuant to the Administrative Measures for the Security Protection of the International Networking of Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》) issued by the Ministry of Public Security on December 16, 1997 and last amended by the State Council and effective from January 8, 2011, the agency of computer administration and supervision under the Ministry of Public Security shall be in charge of the work of security protection administration of the international networking of computer information networks. It is forbidden to use the international networking to divulge state secrets, endanger state security, and engage in illegal criminal activities.

Pursuant to the National Security Law of the People's Republic of China (《中華人民共和國國家安全法》) issued by the SCNPC and implemented on July 1, 2015, no individual or organization shall compromise national security or provide any funding or assistance to any individual or organization that compromises national security. The state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities to effectively prevent and resolve national risks.

Pursuant to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) issued by the SCNPC on November 7, 2016 and implemented on June 1, 2017 (hereinafter referred to as the "**Cybersecurity Law**"), the state shall implement the rules for graded protection of cybersecurity. Network operators shall, according to the requirements of laws and requirements as well as the mandatory requirements of national and industry standard, develop internal security management mechanisms, and take technical measures and other necessary measures to ensure network security and stable operation. The state emphasizes the protection of critical information infrastructure in important sectors and areas such as public telecommunications and information services, energy, transportation, irrigation, finance, public services, and e-government, etc., which may gravely harm national security, national economy, people's livelihood, and public interest. Personal information and important data collected and produced by critical information infrastructure during operation shall be stored within PRC; where due to business requirements it is truly necessary to provide it overseas, a security assessment shall be conducted according to the requirements of relevant departments. Under the Cybersecurity Law, where network operators provide network access and domain registration services for users, handle network access formalities for fixed-line or mobile phone users, or provide users with information release services, instant messaging services and other services, they shall require users to provide true identity information, or otherwise, the network operators shall not provide them with services. The Cybersecurity Law also specifies that the network operators shall provide technical support and assistance to public security organs and state security organs for safeguarding national security and crime investigation activities. Network operators in violation of the provisions of this law may be subject to penalties, such as being ordered to make rectifications, given warnings or fines, confiscated of unlawful gains, ordered to a temporary suspension of operations, a suspension of business for corrections, a shutting down of websites, a revocation of relevant operations permits, etc. Pursuant to the Notice to Seek Public Comments on the Decision to Revise the Cybersecurity Law of the People's Republic of China (Draft for Comments) (《關於修改<中華人民共和國網絡安全法>的決定(徵求意見稿)》) ("**Cybersecurity Law Revision Draft**") issued by the Cyberspace Administration of China (hereinafter referred to as the "**CAC**") on September 12, 2022, the violations of the Cybersecurity Law might be subject to more severe punishment if the Cybersecurity Law Revision Draft is implemented in its current form. Specifically, the Cybersecurity Law Revision Draft enhanced the punishment against violations of the network operation security obligation, the critical information infrastructure operation security obligation, and the network information security obligation by increasing the upper limits of the fines and imposing additional punishment. The Cybersecurity Law Revision Draft also enhanced the punishment against personal information infringement by referencing to the punishment under applicable laws which would include relevant punishment under the Personal Information Protection Law. As of the Latest Practicable Date, the Cybersecurity Law Revision Draft has not been formally adopted.

Pursuant to the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on December 13, 2005 and implemented on March 1, 2006, Internet service providers shall carry into effect the technical measures for security protection in accordance with laws, and record and preserve user information (including registration information, time of log in and log out, IP address, contents released by users, and release time) for not less than 60 days.

Pursuant to the Announcement on Launching the Security Certification of Apps (《關於開展APP安全認證工作的公告》) jointly issued by the CAC and the SAMR on March 13, 2019 and implemented on the same day and the appendix Rules for Implementing the Security Certification of Mobile Internet Applications (APP) (《移動互聯網應用程序(APP)安全認證實施規則》), the state encourages the APP operators to pass the APP security certification on a voluntary basis, and encourages search engines and APP stores to provide clear identification and give priority to APPs that pass the certification.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) passed by the SCNPC on June 10, 2021 and implemented on September 1, 2021, the state establishes a classified and tiered system for data protection. When conducting data processing activities, one shall comply with laws and regulations, establish a sound, full-range data security and management system, organize and conduct data security education and training, as well as take corresponding technical measures and other necessary measures to protect data safety. The use of the internet and other information networks to carry out data processing activities shall, on the basis of the hierarchical network security protection system, fulfill the obligations of data security protection. The processors of important data shall, in accordance with relevant provisions, carry out risk assessment on their data processing activities on a regular basis and submit risk assessment reports to the relevant competent authorities. Relevant organizations and individuals shall cooperate with public security departments or state security organs in obtaining data for the purpose of safeguarding state security or investigating crimes according to law. Those who fail to fulfill the obligations of data security protection and provide important data abroad in violation of the law will be ordered to correct, warned, fined, suspended with their business or suspended for rectification, or revoked of relevant business licenses. According to the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) jointly issued by the General Office of the CPC Central Committee and the General Office of the State Council on July 6, 2021, China will strengthen the standard review in data security, cross-border data flow, and confidential information management.

According to the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) promulgated by the MIIT on December 8, 2022 and effective from January 1, 2023, data processors in the field of industry and information technology refer to all types of subjects in the field of industry and information technology, such as industrial enterprises, software and information technology service providers, telecommunications business operators obtaining a telecommunications business permit, and radio frequency and station users that independently determine processing purposes and processing methods in data processing activities. Data processing activities shall include but not be limited to such activities as data collection, storage, use, processing, transmission, provision, and publication. Classified and graded management is implemented for data in the field of industry and information technology: The categories of data in the field of industry and information technology shall include but not be limited to research and development data, production and operation data, management data, operation and maintenance data, and business service data, according to factors such as industry requirements, characteristics, business demands, data sources, and uses. According to the degree of harm caused by data tampering, destruction, divulgence, or illegal acquisition or utilization of data to national security, public interest, or the lawful rights and interests of individuals and organizations, among others, industrial and information data can be divided into three levels: general data, important data, and core data. On this basis, data processors in the field of industry and information technology can subdivide the categories and levels of data. Data processors in the field of industry and information technology shall file their catalogue of important data and core data with the local industry regulatory authorities, and shall be responsible for the graded data protection. Where different levels of data are processed simultaneously and it is difficult to take separate protection measures, the highest level of protection shall be implemented to ensure that the data will be under effective protection and legal use. In addition, the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) stipulates the data security monitoring and early warning and emergency management mechanism, as well as the relevant reporting and notification obligations of the data processors in the field of industry and information technology under such mechanisms.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) was jointly promulgated by the MIIT, the CAC, and the Ministry of Public Security on July 12, 2021, and effective on September 1, 2021. Network product providers and network operators as well as organizations or individuals engaging in the discovery, collection, release, and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. According to the Cybersecurity Law, the Administrative Provisions on Security Vulnerability of Network Products provide that network product providers are required to report relevant information of security vulnerability of network products to the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems, or equipment have security vulnerability. Network operators who violate the Provisions shall be dealt with by the relevant competent authorities in accordance by the law, and those who constitute relevant violations under the Cybersecurity Law shall be punished in accordance with the Cybersecurity Law.

According to the Several Provisions on Administration of Automobile Data Security (For Trial Implementation) (《汽車數據安全管理若干規定(試行)》) ("**Several Provisions on Automobile Data**") jointly promulgated by the CAC, the NDRC, the MIIT, the Ministry of Public Security, and the Ministry of Transport on August 16, 2021, and effective on October 1, 2021, automobile data processors (including automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and ride-hailing and sharing service enterprises) shall process automobile data (including personal information data and important data involved during the design, production, sales, use, operation, and maintenance of vehicles) in a lawful, legitimate, specific and clear manner. Automobile data processors are encouraged by the Several Provisions on Automobile Data to adhere to the following principles: the principle of in-vehicle processing, i.e., do not transfer data out of the vehicle unless it is indeed necessary; the principle of non-collection by default; the principle of appropriate accuracy and coverage; and the principle of data desensitization. Operators collecting personal information shall obtain the consent of the person being collected upon or comply with other requirements stipulated in laws, regulations or administrative rules. If the automobile data processors collect personal information outside the vehicle and transmit the data out of the vehicle for the purpose of ensuring driving safety, but are unable to obtain personal consent, the automobile data processors shall anonymize the data by means such as deleting the pictures containing identifiable natural persons or partially contouring the facial information in the pictures. The Several Provisions on Automobile Data also provided that important data means the data that may endanger national security, public interests, or the lawful rights and interests of individuals or organizations once it has been tampered with, destroyed, leaked, or illegally obtained or used, including data of important sensitive areas, operating data of vehicle charging networks, personal information involving more than 100,000 personal information subjects, video and image data outside the vehicles that contain face information, license plate information, etc. Important data shall be stored domestically by laws. If such data need to be provided outside China due to business needs, the data shall go through the safety assessment organized by the national cyberspace administration and relevant ministries of the State Council. To process important data, automobile data processors shall conduct risk assessment in accordance with the regulations and submit risk assessment reports to related departments at provincial level. In addition, automobile data processors processing important data shall, by December 15 of each year, report to the related departments at provincial level the information on automobile data security management. The implementation of such requirement on annual report is subject to the authority of related departments at provincial level. Illegal automobile data processors shall bear administrative punishment by laws and if a crime is committed, shall bear criminal liability.

Pursuant to the Notice of the Ministry of Industry and Information Technology on Strengthening Network Safety and Data Safety Work of Vehicle Connectivity (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) promulgated by the MIIT and effective on September 15, 2021, all Internet of Vehicles companies shall establish a network security and data security management system, which defines responsible persons and management departments and implements the responsibilities of network security and data security protection. Enterprises related to the Internet of Vehicles shall adopt management and technical measures to strengthen the security protection of automobiles, networks, platforms and data in accordance with the requirements of relevant standards for Internet of Vehicles network security and data security and shall monitor, prevent and promptly deal with network security risks and threats, ensure that data is effectively protected and legally used, and maintain the safe and stable operation of the Internet of Vehicles.

According to the Notice of the Ministry of Natural Resources on Promoting the Development of Autonomous Driving Vehicles and Maintenance of the Security of Surveying, Mapping and Geoinformation (《自然資源部關於促進智能網聯汽車發展維護測繪地理信息安全的通知》), issued by the Ministry of Natural Resources and came into effect on August 25, 2022, where autonomous driving vehicles are equipped or integrated with satellite navigation positioning and receiving modules, inertial measurement units, cameras, laser radars and other sensors, and carry out activities of collection, storage, transmission and processing of surveying, mapping and geographic information and data, including spatial coordinates, images, point clouds and their attribute information, of vehicles and surrounding road facilities during operation, service and road testing, such activities shall be regarded as the surveying and mapping activities specified in the Surveying and Mapping Law of the PRC, and shall be regulated and administered in accordance with the laws, regulations and policies concerning surveying and mapping. Any vehicle manufacturer, service provider or autonomous smart driving software provider that needs to engage in the collection, storage, transmission and processing of relevant data and is domestic-funded enterprise, shall obtain the corresponding qualification for surveying and mapping in accordance with the law or entrust an agency with the corresponding qualification for surveying and mapping to carry out the corresponding surveying and mapping activities.

According to the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, and effective on September 1, 2021, critical information infrastructure means network facilities and information systems in important industries and fields – such as public communication and information services, energy, transportation, irrigation, finance, public services, e-government, and science and technology industries for national defense – that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The Regulations emphasize that no individual or organization may engage in any activity of illegally hacking into, interfering with, or damaging any critical information infrastructure or endanger the critical information infrastructure security.

On April 13, 2020, the Cybersecurity Review Measures (《網絡安全審查辦法》) was jointly promulgated by the CAC, the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the National Administration of State Secrets Protection and the State Cryptography Administration, revised on December 28, 2021, by the aforementioned departments and the China Securities Regulatory Commission, and the revised Cybersecurity Review Measures formally became effective on February 15, 2022. According to the revised Cybersecurity Review Measures, operators of online platforms with personal information of more than one million users must apply for a cybersecurity review with the Cybersecurity Review Office when they are seeking for listing in a foreign country. In the meantime, the member organizations of the cybersecurity review working mechanism have the discretion to initiate a cybersecurity review on any data processing activity if they deem such a data processing activity affects or may affect national security. The specific implementation rules on cybersecurity review are subject to further clarification by subsequent regulations.

On November 14, 2021, the CAC issued the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》). Data processors who carry out the following activities, according to relevant regulations in China, shall apply for cybersecurity review: (1) the merger, reorganization, or division of internet platform operators that have gathered a large amount of data resources related to national security, economic development, and public interests, which affects or may affect national security; (2) the data processors who process personal information of at least one million users apply for overseas listing; (3) data processors who intend to be listed in Hong Kong, which affects or may affect national security; (4) other data processing activities that affect or may affect national security. Large internet platform operators who set up headquarters or operation centers or research and development centers overseas shall report to the national cyberspace administration and the competent authorities. As of the Latest Practicable Date, the Regulations have not been formally adopted.

On October 29, 2021, the CAC issued the Measures for the Security Assessment of Cross-border Data Transmission (Draft for Comments) (《數據出境安全評估辦法(徵求意見稿)》), and then on July 7, 2022, the CAC officially issued the Measures for the Security Assessment of Cross-border Data Transmission (《數據出境安全評估辦法》), which became effective and was implemented on September 1, 2022. The Measures applies to the security assessment conducted by data processors where they provide overseas parties with important data and personal information collected and generated during the operation in the PRC. Based on the Measures, data processors shall apply for the security assessment of data cross-border transfer to the national cyberspace administration through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide important data outside China; (2) operators of critical information infrastructure and data processors who process personal information of over 1 million users provide personal information outside China; (3) data processors who provide accumulative personal information of over 100,000 users or accumulative sensitive personal information of over 10,000 users outside China from January 1 of previous year provide personal information outside China; (4) other situations required to apply for the security assessment for data cross-border transfer as stipulated by the national cyberspace administration.

According to the Regulations on Promoting and Standardizing Cross-Border Data Transfer (《促進和規範數據跨境流動規定》) issued by the CAC and effective on March 22, 2024, data processors other than operators of critical information infrastructure who provide important data to overseas or who have provided personal information (excluding sensitive personal information) of more than one million people or sensitive personal information of more than 10,000 people cumulatively since January 1 of that year should declare security assessment for crossborder data transfers, except for those specified in Articles 3, 4, 5, and 6 of the regulations. According to the relevant provisions of Articles 2 and 3 of the regulations, data collected and generated in activities such as international trade and provided to overseas, excluding personal information or important data, are exempt from the requirement of declaring security assessment for cross-border data transfers, establishing the standard contract for cross-border transfer of personal information, and obtaining personal information protection certification. Additionally, if such data has not been notified or publicly disclosed by relevant departments or regions as important data, data processors do not need to declare security assessment for cross-border data transfers. According to Articles 4, 5, and 6 of the regulations, the following are the main exemptions from the requirement to declare security assessment for cross-border data transfers, establish the standard contract for cross-border transfer of personal information, and obtain personal information protection certification: (i) providing personal information collected and generated overseas by data processors overseas after being processed in China without involving domestic personal information or important data; (ii) providing personal information overseas is necessary for entering into or performing contracts in which individuals are parties, such as cross-border shopping, cross-border mailing, crossborder remittances, cross-border payments, cross-border account opening, air ticket and hotel reservations, visa processing, exam services, etc.; (iii) providing employee personal information overseas is necessary for implementation of cross-border human resources management in accordance with legally formulated labor rules and regulations and legally signed collective contracts; (iv) providing personal information overseas is necessary to protect the life, health, and property safety of natural persons in emergency situations; (v) data processors other than operators of critical information infrastructure have provided personal information (excluding sensitive personal information) overseas of less than 100,000 people cumulatively since January 1 of the that year; (vi) data processors in pilot free trade zones provide data overseas outside the negative list formulated, approved, and filed by the pilot free trade zone in accordance with the law. In case of any inconsistency between the Regulations and other regulations such as the Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) (Decree No. 11 of the Cyberspace Administration of China) issued on July 7, 2022 and the Measures on the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (Decree No. 13 of the Cyberspace Administration of China) issued on February 22, 2023, the Regulations shall prevail.

Pursuant to the Provisions on Promoting and Regulating Cross-border Data Transfer (the Guidelines for Application for Security Assessment of Outbound Data Transfer (Second Edition)) (《數據出境安全評估申報指南(第二版)》, which was promulgated and implemented by the CAC on March 22, 2024 and came into effect on the same day, any data processor which exports personal information shall apply for a security assessment before transferring any personal information abroad, including any of the following circumstances: (1) personal information and important data will be provided overseas by any operator of critical information infrastructure; (2) important data will be provided overseas by any data processor other than an operator of critical information infrastructure, or personal information of more than 1,000,000 individuals in aggregate (excluding sensitive personal information) or sensitive personal information of more than 10,000 individuals in aggregate has been provided overseas since January 1 of the current year. The provisions of Articles 3, 4, 5 and 6 of the Regulations on Promoting and Standardizing Cross-Border Data Transfer (《促進和規範數據跨境流動規定》) shall be followed.

Pursuant to the Guidelines for Filing the Standard Contract for Outbound Transfer of Personal Information (Second Edition)《個人信息出境標準合同備案指南(第二版)》, which was promulgated and implemented by the CAC on March 22, 2024, personal information processors shall provide personal information overseas by entering into standard contracts, and shall file with the provincial cyberspace administration if the following circumstances are met: (1) data processors other than key information infrastructure operators; (2) where the personal information of more than 100,000 individuals and less than 1,000,000 individuals (excluding sensitive personal information) in aggregate has been provided overseas since January 1 of the current year; (3) where the sensitive personal information of less than 10,000 individuals in aggregate has been provided overseas since January 1 of the current year. The provisions of Articles 3, 4, 5 and 6 of the Regulations on Promoting and Standardizing Cross-Border Data Transfer (《促進和規範數據跨境流動規定》) shall be followed. Personal information processors are not allowed to take measures such as quantity splitting, and shall provide personal information overseas that is legally required by entering into a standard contract through the outbound security assessment.

According to the Amendment (IX) to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015, and effective on November 1, 2015, network service providers who violate the information network security management obligations stipulated by relevant laws and refuse to make rectification after being ordered to do so shall be subject to criminal penalties if the circumstances fall under those stipulated in the Amendment (IX) to the Criminal Law of the People's Republic of China.

REGULATIONS RELATING TO INTELLIGENT CONNECTED VEHICLES AND AUTONOMOUS DRIVING

Pursuant to the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) jointly issued by the MIIT, the Ministry of Public Security, and the Ministry of Transport on July 27, 2021 and effective on September 1, 2021, any entity intending to conduct a road testing of intelligent connected vehicles must obtain a temporary vehicle license plate for each tested vehicle. An applicant entity must satisfy the relevant requirements, which include that it must be an independent legal person registered in the PRC with the capacity to conduct intelligent connected vehicles-related businesses such as manufacturing, technological research and development and testing of vehicles and vehicle parts, with full civil legal capacity for compensation relating to potential personal injury and losses of properties arising from road-testing of intelligent connected vehicles, which has established protocol to test and assess the performance of the autonomous driving function of the intelligent connected vehicles and is capable of conducting real-time remote monitoring of the vehicles under road testing, and with the ability of event recording, analysis, and reproduction of the vehicles under road testing and ensuring the network security of the vehicles under road testing and the remote monitoring platforms; the vehicle under road testing must be equipped with a control system that can switch between autonomous driving mode and manual operation mode in a safe, quick, and simple manner and must ensure that the vehicle can be switched to manual operation mode in real-time under any circumstances. The tested vehicle must be equipped with the functions of recording, storing, and real-time monitoring the condition of the vehicle and is able to transmit real-time data of the vehicle, such as labelling, mode of control, location, speed, acceleration and direction of vehicles; the applicant entity must sign an employment contract or a labor service contract with the driver of the tested vehicle, while the driver must be a licensed driver for the relevant model with more than three years of driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system. The applicant entity must insure each tested vehicle for at least RMB5 million against car accidents or provide a letter of guarantee covering the same. In addition, during testing, the testing entity should mark the words "autonomous driving test" on the body of each tested vehicle in a prominent color and should not use autonomous driving mode unless in the permitted testing areas specified in the declaration. In addition, the testing entity is required to submit to the relevant competent authorities of provincial and municipal governments a periodical testing report every six months and a final testing report within one month after completion of the road testing. In the case of a car accident-causing severe injury or death of personnel or vehicle damage, the testing entity must report the accident to the relevant authority within 24 hours and submit a complete accident analysis report covering the cause of the accident, final liability allocation results, etc. within five working days after the traffic enforcement agency determines the liability for the accident.

According to the Opinions of the Ministry of Industry and Information Technology on Strengthening the Administration of Access of Intelligent Connected Vehicle Manufacturers and Products (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》) promulgated by the MIIT and effective on July 30, 2021, enterprises producing automobile products with autonomous driving function shall ensure that the automobile products at least satisfy the following requirements: (1) it is capable of automatically identifying the failure of the autonomous driving system and whether the designed operating conditions are continuously met, and taking risk mitigation measures to achieve the minimum risk level; (2) it is equipped with human-machine interaction function displaying the operating condition of the autonomous driving system; (3) it has an event data recording system and autonomous driving data recording system to meet relevant functions, performance and safety requirements for accident reconstruction, liability determination and cause analysis, etc.; (4) it must satisfy the safety requirements to ensure functional safety, expected functional safety, network safety and other process safety, as well as testing requirements such as simulation nature, closed area, actual road, network safety, software upgrade, and data recording to avoid foreseeable and preventable accidents under the designed operating conditions of the tested vehicles.

Pursuant to the Notice of the Ministry of Industry and Information Technology on Strengthening Network Safety and Data Safety Work of Vehicle Connectivity (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) promulgated by the MIIT and effective on September 15, 2021, enterprises engaged in vehicle connectivity shall strengthen the prevention and protection of intelligent connected vehicles safety, vehicle connectivity's network safety, vehicle connectivity's service platform safety and data safety, and improve the safety standard system for network safety and data safety.

REGULATIONS RELATING TO PERSONAL PRIVACY AND PERSONAL INFORMATION PROTECTION

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020, and effective on January 1, 2021, the personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, process, or transmit the personal information of others, nor illegally trade, provide, or disclose the personal information of others.

According to the Cybersecurity Law, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the MIIT on December 29, 2011, and effective on March 15, 2012, the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) promulgated by the SCNPC and implemented on December 28, 2012, the Order for the Protection of Telecommunications and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on July 16, 2013 and became effective on September 1, 2013, any collection and use of a user's personal information must follow the principles of lawfulness, legitimacy, and necessity, and when the information is collected, the user should be clearly notified the purposes, methods, and scopes of collecting and using the information, channels for enquiring and correcting the information, and the consequences of refusal to provide the information, etc. An internet information service provider shall be prohibited from divulging, tampering, or destroying any personal information, or selling or providing personal information of users to other parties. Any violation of these laws and regulations may subject to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites, or even criminal liabilities.

The Announcement of Conducting Special Supervision Against the Illegal Collection and Use of Personal Information by Apps (《關於開展APP違法違規收集使用個人信息專項治理的公告》) jointly promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on January 23, 2019, reiterates that App operators should collect and use personal information in strict compliance with the responsibilities and obligations under the Cybersecurity Law and in accordance with the law, encourages application operators to conduct security certifications, and encourages search engines and application stores to clearly mark and recommend certified applications. In addition, the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《APP違法違規收集使用個人信息行為認定辦法》) jointly promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on November 28, 2019, clarifies specific circumstances of illegal collection of information, including "failing to publish the rules on the collection and use of personal information", "failing to explicitly explain the purposes, methods and scope of the collection and use of personal information", "collecting and using personal information without the users' consent", "collecting personal information unrelated to the services it provides and beyond necessary principle", "providing personal information to others without the users' consent", and "failing to provide the function of deleting or correcting the personal information according to the laws" or "failing to publish information such as ways of filing complaints and reports."

According to the Several Provisions on Automobile Data (《汽車數據若干規定》), automobile data processors (including automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and ride-hailing and sharing service enterprises) shall process automobile data (including personal information data and important data involved during the design, production, sales, use, operation and maintenance of vehicles) in a lawful, legitimate, specific, and clear manner. When processing personal information, automobile data processors shall obtain personal consent or comply with other circumstances stipulated by laws and administrative regulations. If the automobile data processors collect personal information outside the vehicle for the purpose of ensuring driving safety, but are unable to obtain personal consent, the automobile data processors shall process the data by means such as deleting the pictures containing identifiable natural persons or partially contouring the facial information in the pictures.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) ("**Personal Information Protection Law**") adopted by the SCNPC on August 20, 2021, and effective on November 1, 2021, the personal information of natural persons is protected by law. No organization or individual may infringe upon natural persons' rights and interests relating to personal information. The Personal Information Protection Law integrates previously scattered rules on personal information rights and privacy protection, and initially establishes a personal information protection system. The Law clarifies that personal information shall be processed under the principles of lawfulness, legitimacy, necessity, and good faith and shall be processed for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the processing purpose. It shall be processed under the principle of openness, and the quality of information shall be guaranteed and security measures shall be taken to prevent personal information from being divulged, tampered, or lost. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party concerned; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect natural persons' life, health, and property safety under emergency circumstances; (5) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (6) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (7) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. The Personal Information Protection Law provides that a personal information processor may process publicly disclosed information within the reasonable scope in accordance therewith on the basis of the six circumstances already specified thereunder. No organization or individual may illegally collect, use, process, or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of "sensitive personal information", which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or endanger personal or property security, including information on biometrics, religious beliefs, specific identifications, medical health, financial accounts, and personal whereabouts, among others. Where a personal information processor processes sensitive personal information with the individual's consent, a separate consent shall be obtained from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. However, there remain uncertainties regarding the meaning of "separate consent" and whether separate consent is required if the processing is based on legal bases other than individual's consent.

The Amendment (IX) to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015, and effective on November 1, 2015, network service providers who violate the information network security management obligations stipulated by relevant laws and refuse to make rectification after being ordered to do so shall be subject to criminal penalties. In addition, the Notice of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Lawfully Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued in 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017, and effective on June 1, 2017, clearly stipulate the conviction and sentencing standards for crimes related to infringement of personal information.

REGULATIONS RELATING TO RESTRICTION IN VALUE-ADDED TELECOMMUNICATIONS SERVICES

According to the PRC Telecommunications Regulations (《中華人民共和國電信條例》) and the Catalogue of Telecommunications Services (《電信業務分類目錄》) promulgated by the State Council on September 25, 2000, and last amended and implemented on February 6, 2016, the state establishes a licensing system for telecommunications services according to the different categories of the services. Telecommunications services are divided into two categories: basic telecommunications services and value-added telecommunications services. Basic telecommunications services refer to the provision of public network infrastructure, public data transmission, and basic voice communication services, while value-added telecommunications services refer to the provision of telecommunications and information services by utilizing the public network infrastructure. Anyone that intends to be engaged in basic telecommunications services shall obtain a Basic Telecommunications Business License (《基礎電信業務經營許可證》) issued by competent authorities. Anyone that intends to be engaged in value-added telecommunications business shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) issued by competent authorities. An operator violating the laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

According to the Catalogue of Telecommunications Services (2015) (《電信業務分類目錄(2015)》) promulgated by the MIIT on December 28, 2015, and last amended and implemented on June 6, 2019, value-added telecommunications services are divided into two categories. The first category of value-added telecommunications services includes "internet data center services, content distribution network services, domestic Internet virtual private network services and Internet access services." The second category of value-added telecommunications services includes "online data processing and transaction processing services, domestic multi-party communications services, storage and forwarding services, call center services, information services, coding, and regulation conversion services."

According to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000, and last amended and effective on January 8, 2011, internet information services refer to the provision of information through internet to web users. Internet information services are divided into two categories: non-commercial internet information services and commercial internet information services. A commercial internet information service provider shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) from relevant telecommunications administrative agencies. According to the Administrative Measures for the Licensing of Telecommunications Business Operations (《電信業務經營許可管理辦法》) promulgated by the MIIT on March 1, 2009, last amended on July 3, 2017, and effective from September 1, 2017, the MITT and provincial administrations of telecommunications are in charge of the review and approval of business licenses. For a Value-Added Telecommunications Business License, it shall be valid for five years and can be renewed by submitting a renewal application within 90 days before its expiration.

According to the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) promulgated by the CAC on June 14, 2022, and effective from August 1, 2022, the CAC is in charge of the law enforcement of supervision and administration of the information contents of mobile internet apps nationwide; providers rendering commercial internet information services via mobile internet applications shall also be subject to information security requirements; and mobile internet application providers shall sign a service agreement with registered users according to the relevant requirements to clarify the rights and obligations of both parties.

Under the 2021 Negative List, the provision of value-added telecommunications services falls into the restricted category (except for e-commerce, domestic multi-party communications, and forward and call center services) and the foreign shareholding ratio shall not exceed 50%.

According to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001, and last amended on March 29, 2022 and effective on May 1, 2022, foreign-invested enterprises that meet the requirements, have qualifications, and comply with relevant laws and regulations on foreign investment can apply for value-added telecommunications services. The competent department for acceptance and review is the MIIT.

REGULATIONS RELATING TO ADVERTISING

According to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) promulgated by the SCNPC on October 27, 1994 and last amended on April 29, 2021, advertisements must not contain false or misleading content and shall not deceive or mislead consumers. Advertisers, advertising operators, and advertisement publishers engaged in advertising shall abide by laws and regulations, act in good faith, and compete fairly. The performance, function, origin, use, quality, composition, price, producer, validity period, and promise, etc. of the goods or the content, provider, form, quality, price, and promise, etc. of the services expressed in the advertisement shall be accurate, clear, and understandable. If the content of the advertisement violates the foregoing provisions, the market regulatory authorities shall order the advertisement to cease publishing and impose a fine of not more than RMB100,000 on the advertiser.

According to the Administrative Measures on Internet Advertising (《互聯網廣告管理辦法》) promulgated by the SAMR on February 25, 2023 and implemented on May 1, 2023, the responsibilities of advertisers, Internet advertising operators and publishers, and Internet information service providers have been clarified to conduct management of the design, production, agency, and publishing of Internet advertisements; and imposed special statutory obligations on behaviors including deception, misleading users to click and browse advertisements, as well as recommendation algorithm.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND WORK SAFETY

1. Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) adopted by the SCNPC on December 26, 1989, last amended on April 24, 2014, and effective on January 1, 2015, any enterprises, public institutions, and other producers and operators which discharges pollutants must take measures to prevent and control waste gas, waste water, waste residues, medical waste, dust, malodorous gases, and radioactive substances, as well as noise, vibrations, light radiation, electromagnetic radiation, and other environmental pollutions and hazards produced during the course of production, construction, or other activities. China implements the pollutant discharge permit administration system in accordance with the provisions of the law, and enterprises, public institutions, and other producers and operators subject to the administration of pollutant discharge permits shall discharge pollutants in accordance with the requirements of the pollutant discharge permit and may not discharge pollutants without obtaining a pollutant discharge permit.

In accordance with the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, last amended on July 16, 2017, and effective from October 1, 2017, the PRC practices a system that evaluates the environmental impact of a construction project. A construction unit should submit an environmental impact report or environmental impact statement before the commencement of the construction project for approval or submit the environmental impact registration form in accordance with the requirements of the environmental protection administrative department of the State Council for record. Besides, after the completion of the construction project for which the environmental impact report and the environmental impact statement are prepared, the construction unit should inspect and accept the environmental protection facilities for a project and prepare an acceptance report in compliance with the standards and procedures stipulated by the environmental protection administrative department of the State Council. For construction projects which are built in phases, put into production or use in phases, its corresponding environmental protection facilities shall be inspected and accepted in phases.

In accordance with the Measures for the Administration of Pollutant Discharge Permits (For Trial Implementation) (《排污許可管理辦法(試行)》) promulgated by the Ministry of Ecology and Environment on January 10, 2018, last amended on August 22, 2019, and effective on the same date, enterprises, public institutions, and other producers and operators that are included in the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (固定污染源排污許可分類管理名錄) shall apply for and obtain a pollutant discharge permit within the prescribed time limit. Pollutant discharging units not included in the above catalogue currently do not need to apply for a pollutant discharge permit.

In accordance with the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated on January 24, 2021, by the State Council and implemented on March 1, 2021, enterprises, public institutions, and other producers and operators subject to the administration of pollutant discharge permits shall apply for a pollutant discharge permit under the provisions of the Regulations and may not discharge pollutants without obtaining a pollutant discharge permit.

2. Work Safety

In accordance with the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002 by the SCNPC, last amended on June 10, 2021, and effective on September 1, 2021, a production and operation unit must develop a well-established work safety responsibility system and work safety rules and regulations for all employees, meet the conditions for safe production as stipulated by laws and regulations, national standards, or industry standards, and those who do not have such production conditions shall not engage in production and operation activities. The production and operation unit shall conduct safety production education and training for employees to ensure that they are equipped with necessary safety production knowledge and are familiar with relevant safety production rules and regulations and safety operation procedures.

3. Fire Safety Inspection and Acceptance

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC in April 29, 1998, last amended and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and became effective on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction and construction projects shall undergo the fire protection design review and acceptance system. The production workshops of labor-intensive enterprises with a total construction area of more than 2,500 square meters and the construction units of other special construction projects must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five working days after the completion acceptance of the construction project. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

REGULATIONS RELATING TO LAND AND CONSTRUCTION PROJECTS

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on May 19, 1990, last amended on November 29, 2020, and effective on the same date, China adopts a system of assignment and transfer of the right to use state-owned land. The assignment of land use rights may be carried out by agreement, bidding, or auction. The land user shall pay the premium of the land use right to the State, and the State may assign such right to the user for an agreed term. The land user who has obtained the land use right may, within the term of land use, transfer, lease, or mortgage the land use right or use it for other economic activities.

Pursuant to the regulations abovementioned and the PRC Urban Real Estate Administration Law (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, last amended on August 26, 2019, and effective on January 1, 2020, an assignment contract shall be signed between the regional land administration authority and land users for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate to acquire the land use rights. The land user shall develop, utilize, and operate the land in accordance with the provisions of the assignment contract and the requirements of urban planning.

Pursuant to the Administrative Measures on Planning of Assignment and Transfer of Urban State-owned Land Use Rights (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development) on December 4, 1992, amended on January 26, 2011, and effective on the same date, the land assignee shall apply to the urban planning administrative authority for a construction land planning permit. Pursuant to the Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and last amended on April 23, 2019 and implemented on the same date, a construction work planning permit must be obtained by a construction unit from the relevant competent urban and rural planning authority for the construction of any structure, fixture, road, pipeline, or other construction project within the planning zone of a city or town.

Pursuant to the Administrative Measures on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999, last amended on March 30, 2021, and effective on the same date, for the construction, renovation, and decoration of all kinds of buildings within the territory of China and the auxiliary facilities thereof, the installation of supporting lines, pipes, and equipment, and the construction of municipal infrastructure projects in cities and towns, the construction unit shall, before starting construction, apply to the housing and urban-rural development administrative department of the people's government at or above the county level where the project is located for a construction permit in accordance with the Measures. For a construction project with investment less than RMB300,000 or construction area less than 300 square meters, the construction unit is not required to apply for a construction permit.

According to the Provisions on Inspection and Acceptance upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the Ministry of Housing and Urban-Rural Development on December 2, 2013, and effective on the same date, construction units of all types of buildings and municipal infrastructure projects that are newly built, expanded, or rebuilt within the territory of China shall file with the competent construction authority of the local people's government at or above the county level where the project is located within 15 days from the date when the project is completed and accepted.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

1. Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and effective on June 1, 2021, China National Intellectual Property Administration shall be responsible for administration of the patent work across the country and the administrative departments for patent work under the people's governments at the provincial level shall be responsible for the administration of patent work within their respective administrative areas. Any invention or utility model for which a patent right may be granted must meet three conditions: novelty, inventiveness, and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, nuclear transformation method, or substances obtained by means of nuclear transformation. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, and a fifteen-year term for design. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, otherwise it will constitute an infringement of the rights of the patent owner.

2. Copyrights

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and effective on June 1, 2021, copyrights include personal rights such as the right of publication and that of attribution, as well as property rights such as the right of reproduction and that of distribution. Copyright protection extends to internet activities, products, and software products transmitted through the internet. Reproducing, distributing, performing, projecting, broadcasting, compiling a work, or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided under the Copyright Law of the PRC, shall constitute infringement of copyrights. The infringer shall, bear civil liabilities, such as ceasing the infringement, eliminating the impact, making an apology, and compensating for the loss.

According to the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC on February 20, 2002, and effective on the same date, registration of software copyrights and registration of exclusive licensing contracts and transfer contracts of software copyrights shall be standardized. The National Copyright Administration is in charge of the administration of software copyright registration throughout the country and recognizes the Copyright Protection Center of China as the software registration organization. The Copyright Protection Center of China will grant registration certificates to applicants of computer software copyrights that comply with the provisions of the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) and the Regulations for the Protection of Computer Software (《計算機軟件保護條例》) (amended in 2013).

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and implemented on March 1, 2013, computer software must be independently developed by the developer and has been fixed on certain tangible object. Software developed by Chinese citizens, legal persons, or other organizations, whether published or not, shall be entitled to the copyright in accordance with this Regulation. Software copyright owners may register with a software registration agency recognized by the copyright administrative department of the State Council. The registration certificate issued by the software registration agency shall be the preliminary evidence of the registration.

3. Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019, and effective on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, and amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks in China include commodity trademarks, service trademarks, collective marks, and certification marks.

The Trademark Office of China National Intellectual Property Administration is responsible for trademark registration and administration in China. The period of validity of a registered trademark shall be ten years. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made every ten years. Application for renewal of registration shall be submitted within 12 months prior to the expiry date. The registrant of registered trademark may license the other party to use its registered trademark by entering into a trademark licensing agreement. The trademark licensing agreement shall be filed with the Trademark Office for record. The licensor shall supervise the quality of the goods for which the trademark is used and the licensee shall assure the quality of relevant goods. The first to file principle is adopted in the registration of trademarks in China. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Applying for registration of a trademark shall not prejudice the existing right first obtained by others, nor could any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use. Using a trademark identical or similar to the registered trademark on the same or similar commodities without the permission of the trademark registrant constitutes an infringement on the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial measures, and compensate for losses.

4. Domain Names

In accordance with the Administrative Measures on Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and effective on November 1, 2017 to replace the Administrative Measures of China on Domain Names (《中國互聯網絡域名管理辦法》) promulgated in November 2004, the MIIT supervises and administrates the domain name service nationwide. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

REGULATIONS RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (hereinafter referred to as the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (hereinafter referred to as the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice on Issues Concerning the Administration of Foreign Exchange in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same date, a domestic company shall, within 15 working days from the date of the end of its overseas listing, register the overseas listing with the administration of foreign exchange at the place of its establishment. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the relevant content included in the document and other disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (hereinafter referred to as the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and March 23, 2023, respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign-invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (hereinafter referred to as the "Circular 16") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to Circular 16's interpretation and implementation in practice.

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (hereinafter referred to as the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) which became effective on the same date (except for Clause 2 of Article 8, which became effective on January 1, 2020, and partly amended on December 4, 2023). The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

REGULATIONS RELATING TO TAXATION

1. Enterprise Income Tax (EIT)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) amended by the SCNPC and came into effect on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) amended by the State Council and came into effect on April 23, 2019, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need key support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

2. Business Tax and Value-added Tax (VAT)

According to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on December 13, 1993, by the State Council, came into effect on January 1, 1994, and latest amended on November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on December 25, 1993, by the Ministry of Finance and the SAT, came into effect on the same day and last amended on October 28, 2011 and effective on November 1, 2011, any entities and individuals engaged in the sale of goods or provision of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the laws and regulations. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation services is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. According to the Notice on Adjusting VAT Rates (《關於調整增值稅稅率的通知》) issued by the Ministry of Finance and the SAT on April 4, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively, this adjustment became effective on May 1, 2018. According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly issued by the Ministry of Finance, the SAT and the General Administration of Customs on March 20, 2019, further adjustment was made on VAT reform, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

REGULATIONS RELATING TO LABOR AND EMPLOYMENT

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, last amended on December 29, 2018, and effective on the same date, employers must ensure the safety and hygiene of the workplace in accordance with national laws and regulations, provide relevant training to their employees to prevent accidents during work, and reduce occupational hazards.

Pursuant to Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012, and effective on July 1, 2013, employers must execute written labor contracts with each employee. The employer shall not force its employees to work overtime, and when the employer arranges for overtime, it must pay employees overtime fees. The salary of each employee shall not be lower than the local minimum wage standard.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, last amended on December 29, 2018, and effective on the same date, and other relevant regulations, employees should participate in five types of social insurance covering pension insurance, medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. Maternity insurance premiums and work-related injury insurance premiums are paid by the employer, and pension insurance premiums, medical insurance premiums, and unemployment insurance premiums are paid by the employer and employees jointly.

Pursuant to the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019, and effective on the same date, employers shall register with the competent housing provident fund management center and pay housing funds for its employees. If the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

LAWS AND REGULATIONS RELATING TO CUSTOMS

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended and implemented on April 29, 2021, unless otherwise provided, the consignee or consignor of import and export goods may handle the customs declaration and tax payment by itself, or the consignor or consignor of the import and export goods may entrust the customs declaration enterprise approved by the Customs to handle the customs declaration and tax payment procedures. The consignee or consignor of imported or exported goods or customs declaration enterprises engaged in customs declaration business shall file with the Customs in accordance with the law. The consignee of imported goods and the consignor of export goods shall declare truthfully to the Customs and submit the import and export licenses and relevant documents for inspection.

According to the Administrative Provisions on Filing of Customs Declaration Units of the People's Republic of China (《《中華人民共和國海關報關單位備案管理規定》) promulgated on November 19, 2021 and effective on January 1, 2022, the consignees and consignees of import and export goods as well as customs declaration enterprises engaged in customs declaration shall file with the relevant Customs administrative department in accordance with the law.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The Company Law of the PRC (《中華人民共和國公司法》) and the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

REGULATIONS RELATING TO ANTI -UNFAIR COMPETITION AND ANTI-MONOPOLY

1. Anti-Monopoly

Pursuant to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, and effective on August 1, 2008, and the Anti-Monopoly Law of the PRC (2022 revision) (《中華人民共和國反壟斷法(2022修正)》) considered and passed by the SCNPC on June 24, 2022, and effective on August 1, 2022, prohibited monopolistic conducts include monopoly agreements, abuse of dominant market position, and concentration of business operators that may have the effect of eliminating or restricting competition.

Monopoly Agreements

Competing operators shall not enter into monopoly agreements that have the effect of excluding or restricting competition, such as boycotting transactions, fixing or altering commodity prices, restricting commodity production, or fixing commodity prices for resales to third parties, unless the agreement satisfies the exemption conditions stipulated in the Anti-Monopoly Law of the PRC (2022 revision) (《中華人民共和國反壟斷法(2022修正)》), for example, where the operators can prove that they do not have the effect of excluding or restricting competition, or where the operators can prove that their shares in relevant market is lower than the standards set by the anti-monopoly law enforcement agency of the State Council and meets other conditions stipulated by it, or improving technology, enhancing the competitiveness of small and medium-sized operators, and maintaining legitimate rights and interests in cross-border economic and trade cooperation. Meanwhile, the operators shall not enter into monopoly agreements with other operators or provide substantial support to other operators to reach monopoly agreements. If the regulations are violated, the punishments include orders to cease the relevant acts, confiscation of illegal income, and a penalty of not less than 1% but not more than 10% of the sales in the previous year; if there are no sales in the previous year, a penalty of not more than RMB5,000,000 shall be imposed. Where the monopoly agreement reached has not been implemented, a penalty of less than RMB3,000,000 would be imposed. If relevant violation is critically serious, causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provided for the prevention and prohibition of monopoly agreement-related matters, and replaced some of anti-monopoly rules and regulations previously issued by the SAMR.

Abuse of Dominant Market Position

A business operator with a dominant market position shall not abuse its dominant market position, such as selling commodities at an unfairly high price or purchasing commodities at an unfairly low price, selling commodities at prices below cost without justifiable reasons and rejecting to trade with trading counterparts without justifiable reasons. In case of violation of the prohibition on abuse of dominant market position, the punishments include orders to cease relevant acts, confiscation of illegal gains, and a penalty of not less than 1% but not more than 10% of the sales in the previous year. If relevant violation is critically serious, causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Provisions on Prohibition of Abuse of Dominant Market Position (《禁止濫用市場支配地位行為規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further prevents and curbs abuse of dominant market position.

Concentration of Business Operators

Business operators shall declare the concentration reaching the threshold of declaration prescribed by the State Council to the anti-monopoly law enforcement agency of the State Council before implementing concentration. Concentration of business operators refers to the following circumstances: (1) merger of business operators; (2) a business operator acquires control over other business operators by acquiring their equities or assets; or (3) a business operator acquires control over other business operators or is able to exert a decisive influence on other business operators by contract or any other means. Where a business operator fails to comply with the mandatory reporting requirements, and has or may have the effect of excluding or restricting competition, the anti-monopoly law enforcement agency of the State Council has the power to order to cease the implementation of the concentration, dispose of shares or assets and transfer the business within a time limit, and take other necessary measures to restore to the state before the concentration, and impose a penalty of not more than 10% of the sales in the previous year; if the operators fail to implement concentration according to regulations and do not have the effect of excluding or restricting competition, a penalty of not more than RMB5,000,000 would be imposed. If relevant violation is critically serious, causing material adverse impact and severe consequences, the anti-monopoly law enforcement agency of the State Council may determine the specific amount of penalty of not less than two times but not more than five times the amount of the aforementioned fine.

The Interim Provisions on the Review of Business Operator Concentration (《經營者集中審查暫行規定》) issued by the SAMR on March 10, 2023, and effective on April 15, 2023, further provides for matters such as the declaration and review of the concentration of business operators and the investigation of the illegal implementation of the concentration of business operators.

2. Anti-Unfair Competition

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last amended on April 23, 2019, and effective on the same date, operators are not allowed to use improper means to engage in market transactions and harm competitors, including but not limited to: the use of power or influence to influence transactions, market confusion, commercial bribery, misleading false propaganda, infringement of trade secrets, low-price sales, unfair prize-winning sales, and commercial slander. Any operator who violates the Anti-Unfair Competition Law of the PRC by engaging in the aforementioned unfair competition activities will be ordered to suspend the relevant illegal activities, eliminate the impact of such activities, or be liable for damages caused to any party. Relevant supervision and inspection departments may also confiscate illegal gains or impose fines on the relevant operators.

REGULATIONS RELATING TO FILING OF OVERSEAS LISTING BY DOMESTIC ENTERPRISES

Pursuant to the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) jointly promulgated and implemented by the General Office of the CPC Central Committee and the General Office of the State Council on July 6, 2021, it is required to strengthen the supervision of China concept stock companies and revise the special regulations on the overseas offering of shares and listing of these companies, and clarify the responsibilities of domestic industry supervising and regulatory authorities.

The Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "**Trial Measures for the Administration of Overseas Listing**") and its relevant supporting implementation rules, issued by the China Securities Regulatory Commission (hereinafter referred to as the "**CSRC**") on February 17, 2023, and implemented on March 31, 2023, implements unified filing management for direct and indirect overseas issuance and listing of securities by domestic enterprises, and the issuer shall perform filing procedures and report relevant information to the securities regulatory authorities under the State Council. Issuers directly listed overseas shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. It is also stipulated that in the following circumstances, domestic enterprises shall not issue securities and be listed overseas: (1) it is clearly prohibited from listing for financing by laws, administrative regulations, or relevant provisions of the PRC; (2) overseas issuance or listing of securities may jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the law; (3) the domestic enterprises or their controlling shareholders, de facto controllers have committed corruption, bribery, embezzlement of property, misappropriation of property, or criminal offences that disrupted the socialist market economic order within the last three years; (4) domestic enterprises are being investigated in accordance with the law due to suspected criminal or major illegal activities, and there is no clear conclusion or opinion yet; (5) there is a significant ownership dispute over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or de facto controllers. The Trial Measures also require listed enterprises to comply with the following requirements: (1) comply with laws, administrative regulations, and relevant regulations of the PRC on foreign investment, state-owned asset management, industry supervision, and overseas investment; (2) domestic enterprises issuing securities and be listed overseas shall formulate articles of association, improve the internal control system, and standardize corporate governance and financial and accounting matters in accordance with the Company Law of the PRC (《中華人民共和國公司法》), the Accounting Law of the PRC (《中華人民共和國會計法》) and other laws, administrative regulations, and relevant regulations of the PRC; (3) comply with the confidentiality laws and regulations of the PRC, and take necessary measures to implement confidentiality responsibilities; if it involves providing personal information and important data overseas, it shall comply with the laws, administrative regulations, and relevant regulations of the PRC; (4) domestic enterprises issuing securities and be listed overseas shall strictly abide by the security laws, administrative regulations, and relevant provisions of the PRC on foreign investment, network security, data security, etc., and earnestly fulfill their obligations to safeguard national security. If security review is involved, relevant security review procedures shall be carried out in accordance with the law before submitting the application for issuance and listing of securities to overseas securities regulatory authorities, stock exchanges, etc.; (5) the target investors for overseas issuance and listing of securities by domestic enterprises shall be foreign investors, except where domestic enterprises directly issue securities and listed overseas implement equity incentives or issue securities to purchase assets, or as otherwise stipulated by the PRC; (6) the purposes and investment directions of the proceeds shall comply with the laws, administrative regulations, and relevant regulations of the PRC; (7) the foreign exchange and cross-border flow of relevant funds shall comply with the regulations of the PRC on cross-border investment and financing, foreign exchange administration, and cross-border RMB management. After the overseas issuance and listing of the issuers, the following major events shall be reported to the CSRC within 3 working days from the date of occurrence and announcement: (1) change of control; (2) measures including investigation and penalties taken by overseas securities regulatory authorities or relevant competent authorities; (3) conversion of listing status or listing segment; or (4) voluntary termination of listing or mandatory termination of listing.

The Provisions on Strengthening the Confidentiality and File Management Work Related to the Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) issued by the CSRC, the MOF, the State Secrecy Bureau and the State Archives Administration on February 24, 2024, and implemented on March 31, 2023, specifies that domestic enterprises and securities companies and securities service institutions that provide corresponding services shall, by strictly abiding by the relevant laws and regulations of the People's Republic of China and the requirements therein, strengthen the legal awareness of guarding state secrets and strengthening file management, establish sound confidentiality and file work systems, take necessary measures to implement confidentiality and file management responsibilities, and shall not leak national secrets and work secrets of state organizations and undermine national and public interests. Domestic enterprises that provide accounting files or copies of accounting files to relevant securities companies, securities service institutions, overseas regulatory institutions, and other units and individuals shall comply with the corresponding procedures in accordance with relevant regulations of the PRC. Work manuscripts generated in the PRC by securities companies and securities service institutions that provide corresponding services for overseas issuance and listing of securities by domestic enterprises shall be kept in the PRC. Where files need to be transferred outside of the PRC, it shall be subject to the approval procedures in accordance with relevant regulations of the PRC.

H SHARE FULL CIRCULATION

Full circulation means listing and circulation on the Stock Exchange of the domestic Unlisted Shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and Unlisted Shares held by foreign shareholders) of H-share companies. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請全流通業務指引》), which was amended on August 10, 2023, allowing certain qualified H-share companies and H-share companies intended for listing to apply to the CSRC for full circulation. According to the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies, shareholders of domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, with filing to the CSRC by an H-share company commissioned for this purpose. After the application for full circulation has been filed by the CSRC, an H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

In order to fully promote the reform of H-shares full circulation and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, China Securities Depository and Clearing Corporation Limited has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈<H股全流通業務指南>的通知》) in February 7, 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, CSDC (Hong Kong) issued the China Securities Depository and Clearing (Hong Kong) Company Limited's Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股全流通業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery, and other relevant matters.

According to the Trial Measures for the Administration of Overseas Listing (《境外上市管理試行辦法》), in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

MATERIAL LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

THAILAND GOVERNMENT'S MEASURE TO SUPPORT THE USE OF ELECTRIC VEHICLES

Notification of the Excise Department Re: Prescription on Rules, Procedures, and Conditions to Entitlement under Measure to Support the Use of Electric Vehicles Category Car and Motorcycle (as amended) (the "**Government's Measure to Support the Use of Electric Vehicles**") stipulates measures to support the use of electric vehicles by, among other things, reducing or exempting import duties, and reducing excise tax. Under the Government's

Measure to Support the Use of Electric Vehicles, the recipient of the rights shall, or cause the industrial business operator or the related business operator to, manufacture the eligible Battery Electric Vehicle (BEV) passenger cars or vehicles with seating for no more than 10 people with (the "**Vehicle**") to offset each of the Completely Built Up Vehicles ("**CBU**") imported during the years 2021 (1 November – 31 December) and 2022 – 2023, with details as follows:

(i) For importation of Vehicle that have the recommended retail price of not exceeding THB 2,000,000, and battery capacity exceeding 10 kilowatt-hour, the recipient of the right shall, or cause the industrial business operator or the related business operator to, manufacture Vehicle (any model) to offset the CBU in the proportion of 1:1 (to manufacture 1 Vehicle for each of Vehicle imported) within December 2024, and if the period is to be extended to 2025, the manufacturing proportion shall be 1.5 Vehicle to offset each of the CBU imported (to manufacture 1.5 Vehicle for each Vehicle imported)

(ii) For importation of Vehicle that have the recommended retail price of exceeding THB 2,000,000 but not exceeding THB 7,000,000, and battery capacity exceeding 30 kilowatt-hour, the recipient of the right shall, or cause the industrial business operator or the related business operator to, manufacture Vehicle (any model imported during 2021 (1 November – 31 December and 2022 – 2023) to offset the CBU in the proportion of 1:1 (to manufacture 1 Vehicle for each of Vehicle imported) within December 2024, and if the period is to be extended to 2025, the manufacturing proportion shall be 1.5 Vehicle to offset each of the CBU imported (to manufacture 1.5 Vehicle for each Vehicle imported). Any manufacturing of the same model to offset the imported model, even if the series number is different, shall be deemed as manufacturing the imported model.

If any of the aforementioned conditions are not met, the Excise Department may recall the subsidies paid plus 7.5% annual interest and may enforce the bank guarantee provided. In addition, the Recipient of the Right, the industrial operation, or the related business operator, shall jointly pay fines, penalties, and surcharges according to the law on excise tax for each Vehicle unable to manufacture to offset the importation. In addition, signing of a memorandum of understanding and placing of a bank guarantee are also required to be made. The bank guarantee amount shall be revisited every year by the Excise Department.

At the date of entering into the memorandum of understanding with the Excise Department, the recipient of the rights, among others, shall choose to comply with the conditions described in the Government's Measure to Support the Use of Electric Vehicles. The conditions that Neta Auto (Thailand) has chosen are as follows: (i) use the battery pack assembly manufactured in Thailand, from 1 January 2026 onwards; (ii) use PCU inverter manufactured in Thailand, from 1 January 2030 onwards; and (iii) use two items choosing from (a) traction motor, (b) reduction gear, (c) air conditioning compressor, (d) battery management system (BMS), or (e) drive control unit (DCS) manufactured in Thailand, from 1 January 2035 onwards. The said dateline may be amended as the Excise Department deems appropriate.

REGULATIONS IN RELATION TO FOREIGN BUSINESS

The Foreign Business Act, B.E. 2542 (1999) (as amended) (the "**FBA**") is the primary law restricting foreign investments in Thailand by prohibiting or restricting non-Thai nationals (including juristic entities with at least half of their capital owned by non-Thai nationals) (a "**Foreigner**") from engaging in certain restricted businesses.

Under the FBA, there are 3 categories of businesses which are restricted to Foreigners: (i) the businesses which the Foreigners are absolutely prohibited from engaging; (ii) the businesses which requires Foreigners to obtain approval from the Council of Ministers; and (iii) the businesses which requires Foreigners to obtain approval from the Director General of the Department of Business Development.

The FBA focuses on the shareholdings of a foreigner or foreigner(s) in a company in determining whether or not the company in question is considered a "Foreigner" under the FBA. Although, all the shares in Neta Auto (Thailand) are owned by Foreigners, as of the date hereof, Neta Auto (Thailand) holds a foreign business certificate and a foreign business license issued by the Ministry of Commerce of Thailand.

REGULATIONS IN RELATION TO INVESTMENT PROMOTION

The Investment Promotion Act B.E. 2520 (1977) (as amended) (the "**IPA**") aims to promote certain businesses or projects in Thailand that contribute to Thailand's economic growth, provided that these businesses are deemed important and beneficial to economic and social development. Under the IPA, the Board of Investment (the "**BOI**") has the authority to assess and grant BOI promotion to businesses that meet the criteria specified under the IPA.

The IPA offers investment promotion in various aspects, including tax incentives, permitting to hire skilled workers, land ownership rights and tax benefits related to import of raw materials and machinery. These benefits and the list of the promoted businesses are outlined in the BOI Notification No. 9/2565 (as amended) and the BOI Notification No. 8/2565.

In relation to Neta Auto (Thailand), it has obtained the BOI promotion under the category of business activity related to (i) International Business Center (IBC) and (ii) Manufacture of battery electric vehicles (BEV), Plug-In hybrid electric vehicles (PHEV), hybrid electric vehicles (HEV), and BEV platforms. Accordingly, Neta Auto (Thailand) is subject to the requirements specified in the BOI certificate and is entitled to the benefits prescribed therein.

REGULATIONS IN RELATION TO CUSTOMS

The Customs Act B.E. 2560 (2017) (the "**CA**") stipulates procedures for customs clearance and other related operations to ensure efficiency and alignment with international standards, thereby enhancing Thailand's competitiveness.

Under the CA, goods imported to Thailand for being brought into a duty-free zone shall be granted exemption from import duties in the following cases, among others: (i) machines, equipment, tools and accessories thereof as necessary for the operation of business and (ii) goods imported to be used in the industry or commerce. On the other hand, goods released from a duty-free zone for the export from Thailand shall be granted exemption from export duties. The exemptions from the aforementioned import and export duties shall be in accordance with the rules, procedures, and conditions prescribed in the ministerial regulations. Any person who intends to operate a business in a duty-free zone is required to obtain a license from the Director-General of the Customs Department or a person entrusted by the Director-General.

Moreover, under the CA, prior to releasing any goods from customs custody or exporting any goods out of Thailand, an importer or exporter must submit a goods declaration and pay a full amount of duty or deposit a guarantee, as well as, comply with the CA and other related laws, including refraining from importing or exporting in a manner that avoids restrictions or prohibitions on such goods, including those imposed under The Industrial Product Standard Act B.E. 2511 (1968) (as amended) (the "**IPSA**") and The Vehicle Act B.E. 2522 (1979) (as amended) (the "**VA**").

STANDARDS FOR INDUSTRIAL PRODUCTS

The IPSA stipulates measures for the purposes of industrial promotion, safety, or the prevention of damage which may occur to the public, or the industrial or economic affairs of Thailand. The IPSA consists of two industrial standards comprising (i) the voluntary standards which are regulated under the applicable ministerial notification and (ii) the mandatory standards which are regulated under the applicable ministerial regulation. Under the IPSA, any person importing industrial products required to comply with the mandatory standards for sale in Thailand is required to obtain from the secretary-general of the Thailand Industrial Standards Institute.

REGULATIONS IN RELATION TO VEHICLES

The VA stipulates measures to regulate, supervise, and organize the use of vehicles, as well as ensuring standards and safety for drivers, passengers, and others for road safety. Under the VA, unless stipulated otherwise, a vehicle that can be registered for use must contain all components and accessories prescribed in the ministerial regulation. Moreover, taking vehicles out of Thailand require permits except, among others, taking new vehicles out of the assembling or manufacturing factories for the purpose of exporting outside Thailand. In this case, once the new vehicles are exported, the exporter shall submit the vehicle account to the Department of Land Transport by the 15th day of the following month.

REGULATIONS IN RELATION TO INDUSTRIAL ESTATE

The Industrial Estate Authority of Thailand Act B.E. 2522 (1979) (the "**IEATA**") stipulates the government mechanism for driving Thailand's industrial sector by establishing "industrial estates" to systematically allocate areas for industrial factories. Under the IEATA, any person who intends to operate a business in an industrial estate is required to obtain a license from the governor of Industrial Estate Authority of Thailand or the person assigned by the governor of Industrial Estate Authority of Thailand.

Under the IEATA, the governor of the Industrial Estate Authority of Thailand, or a person assigned by the governor, has the authority to grant approvals, permissions, licenses, or consents under applicable laws, including, among others, the law governing building control and the law governing factories. If such approval, permission, license, or consent is given, it shall be deemed that the person undertaking or performing such act has obtained approval, permission, license, or consent from the relevant state agency or committee under the applicable law.

REGULATIONS IN RELATION TO BUILDING

Under the Building Control Act B.E. 2522 (1979) (as amended) (the "**Building Control Act**"), any person who intends to construct, modify, or relocate a building must apply for a permit from the local administrative agency. In addition to the Building Control Act, the construction may also be subject to other applicable laws (such as IEATA and zoning laws).

REGULATIONS IN RELATION TO FACTORY

Under the Factory Act B.E. 2535 (1992) (as amended) (the **"Factory Act"**), there are three categories of factories as follows: (i) Category 1 factory is a factory of the type, kind, and size, capable of factory operation immediately as desired by the factory operator, (ii) Category 2 factory is a factory of the type, kind, and size, which requires a notice to be made to competent officer prior to its operation; and (iii) Category 3 factory is a factory of the type, kind, and size, the setting up of which requires a license.

REGULATIONS IN RELATION TO EXCHANGE CONTROL

Thailand's exchange controls are administered by the Bank of Thailand (the "**BOT**") on behalf of the Ministry of Finance, pursuant to the Exchange Control Act B.E. 2485 (1942) (as amended) (the "**ECA**"). The BOT has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as its authorized agents (the "**Authorized Juristic Persons**").

Since 1998, the BOT has instituted measures to restrict certain foreign exchange transactions relating to the Thai Baht currency by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. However, relaxations may be granted from time to time as the BOT considers appropriate to the particular financial circumstances. These measures, among other things: (i) limit the value of foreign exchange transactions, excluding foreign exchange spot transactions, relating to the Thai Baht currency that commercial banks in Thailand can enter with a non-resident who has underlying trade or investment activities in Thailand for such foreign exchange transactions not exceeding the actual value of the underlying trade or investment activity and, for the transactions without any underlying trade or investment activity in Thailand, not exceeding THB 200 million per non-resident and its related parties as a group; and (ii) regulate direct loans granted to non-residents.

Under the ECA, outward remittance (in foreign currency) for the payment of certain transactions, such as payment for imported goods, services, royalties, principal and interest payment on overseas loans in which such loan is remitted in Thailand, repatriation of dividends after payment of the applicable Thai taxes (if applicable), may be made up to the amount of obligations through the Authorized Juristic Persons, except for the transactions listed under the negative list of the relevant regulations announced by the BOT which requiring the prior approval from the BOT. In addition, there is no limit imposed on the amount of foreign currency which can be transferred into or brought into Thailand. Nevertheless, individuals receiving foreign currencies from overseas totaling USD1 million or more are required, within a period of 360 days from the date of receipt, to promptly exchange them into Thai baht at an authorized bank or deposit the funds into a foreign currency account at an authorized bank. Moreover, individuals carrying foreign currency bank notes exceeding a total of USD20,000 into or out of the country are obligated to declare the amount to a customs officer.

As part of the outward remittance process, relevant information, including the identity of the applicant and the purpose of the transaction, must be submitted to the Authorized Juristic Persons. The submission of additional supporting documents or evidence will also be required except in these cases:

(i) In the case of spot transactions, the applicant satisfies the Know-Your-Business criteria of the Authorized Juristic Persons or the amount of the transaction is less than USD200,000 or the equivalent amount in relevant currency per remittance.

(ii) In the case of forward transactions, the applicant satisfies the Know-Your-Business criteria of the Authorized Juristic Persons, and the transaction amount is within the limit as agreed to between the applicant and the Authorized Juristic Persons.

Repatriation of capital investments in foreign currencies may be made freely without requiring permission as well as the repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities. Additionally, outward remittances by Thai residents of foreign currencies may be made freely without requiring permission under the following conditions, among others: (a) in the case of a juristic entity, (i) making overseas investments of at least 10% in such shareholdings or loan extended to their overseas affiliated business establishments, in an unlimited appropriate amount; (ii) lending to overseas business establishments; or (b) in the case of an individual, making overseas investments of at least 10% in such shareholdings or loan extended to overseas business establishments in an unlimited appropriate amount.

LAWS IN RELATION TO DIVIDEND PAYMENT

The Thai corporate law is included in the Title 22 of the Civil and Commercial Code (the "**CCC**") "partnerships and companies" which governs limited companies incorporated in Thailand. The CCC contains various provisions including those regarding the nature and formation of a Thai limited company, voting rights, shares and shareholders' meeting and management matters. Under the CCC, the distribution of annual dividends of a limited company requires a resolution from a general meeting of the shareholders, which is passed by a simple majority; additionally, the board of directors may also pass a resolution (with a majority vote) approving the distribution of an interim dividend. Each time a dividend is distributed, the CCC requires that at least 5 per cent. of such dividend is allocated as the legal reserves until the legal reserves reaches 10 per cent. of the company's registered capital. Additionally, the dividends distributed by a Thai limited company are subject a withholding tax of 10 per cent.

TAXATION

Taxation of dividends

Dividends paid by the Thai Company in respect of ordinary shares are subject to Thai withholding tax at a rate of 10 per cent, whether paid to non-resident corporate shareholders or to non-resident individual shareholders.

Taxation of capital gains

Gains realised by a non-resident corporate shareholder from the sale or other disposition of ordinary shares outside Thailand, in connection with which payment is made neither from nor within Thailand and where neither the purchaser nor the seller resides or does business in Thailand, are not subject to Thai withholding tax.

A non-resident corporate shareholder will be subject to Thai withholding tax of 15 per cent on gains realised from any sale or other disposition of ordinary shares in Thailand in connection with which payment is made from or within Thailand unless the shareholder is entitled to an exemption under an applicable tax treaty.

For Thai withholding tax purposes, the value of gains realised is equal to the difference between the sale price of the shares and the amount paid by the shareholder for the shares (as justifiably established by the shareholder). This determination is made on a share-by-share basis. In the foregoing instances where withholding tax applies, a purchaser of ordinary shares is required under Thai law to withhold the applicable amount of Thai withholding tax from the sale price and make payment thereof to the relevant Thai tax authority.

Stamp Duty

Generally, a stamp duty of Baht 1 per every Baht 1,000 (0.1%) or fraction thereof of the greater of the paid-up value of shares and the selling price of the shares is payable within 15 days from the date of execution of a share transfer instrument in Thailand, or within 30 days from the date the share transfer instrument is brought into Thailand if executed outside Thailand.

Certain information and statistics presented in this section and elsewhere in this Document were derived from official government publications and other publicly available sources as well as from the CIC Report, a market research report prepared by China Insights Consultancy Limited, or CIC, an independent global consulting firm that was commissioned by us. We believe that the sources of the information in this section and elsewhere in this Document are appropriate sources for such information and reasonable care has been taken in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. Information and statistics from official and non-official sources have not been independently verified by us, the Joint Sponsors, the [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**] *or any of the* [**REDACTED**] *or any of our or their respective directors, officers or representatives or any other person involved in the* [**REDACTED**]*, and no representation is given as to their accuracy. Accordingly, you should not place undue reliance on such information and statistics. For discussions of risks relating to our industries, see "Risk Factors — Risks Related to Our Business and Industry."*

SOURCES OF INFORMATION

We commissioned CIC, a consulting company established in Hong Kong, which provides industry consulting services, commercial due diligence and strategic consulting for a variety of industries, including global and China's new energy passenger vehicle industry. We have agreed to pay a fee of RMB1,661,200 to CIC in connection with the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as in "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this Document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industries where we operate.

CIC undertook both primary and secondary research using various resources to construct the CIC Report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the International Monetary Fund, National Bureau of Statistics, industry associations and others. The information and data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques. The methodology used by China Insights Consultancy is based on information gathered from multiple levels, which allows for such information to be cross-referenced for reliability and accuracy.

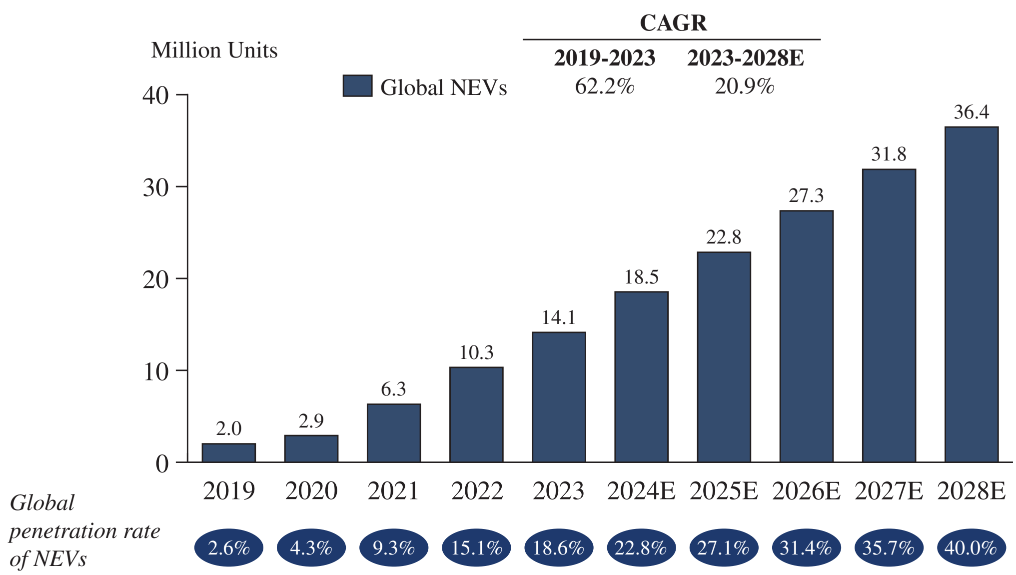
The CIC Report was compiled based on assumptions that: (i) the overall social, economic and political environment in various countries and regions around the world is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in global NEV market throughout the forecast period, including increasing disposable income of consumers, favorable policies, incentives that promote sales of NEVs and wider acceptance of NEVs; (iii) there will be no extreme force majeure or unforeseen industry regulations that may affect the market in either a dramatic or fundamental way during the forecast period.

OVERVIEW OF GLOBAL NEV MARKET

Global NEV market growing rapidly with increasing penetration rate

In recent years, driven by the global demand for low-carbon and emission reduction, NEV market has become a pivot focus of the global automobile industry. As more countries introduce favorable policies, the global market is expected to expand rapidly. According to the CIC Report, global NEV sales volume reached 14.1 million units in 2023. It is estimated that from 2023 to 2028, global sales volume of NEVs will grow rapidly at a CAGR of 20.9%, reaching 36.4 million units in 2028. It is estimated that the global penetration rate of NEVs will increase from 18.6% in 2023 to 40.0% in 2028.

Global Sales Volume of NEVs(1), 2019-2028E



Note:

(1) In a narrow definition, NEV consists of battery electric vehicle (BEV), plug-in hybrid electric vehicles (PHEV), range extender electric vehicle (REEV) and fuel cell electric vehicles (FCEV).

(2) Penetration rate represents the sales volume of NEVs as a percentage of the sales volume of passenger vehicles.

Source: China Passenger Car Association ("CPCA"), CIC

Key growth drivers for global NEV market

Global energy transition and favorable policies

The global energy transition and carbon reduction policies have become pivotal drivers for the development of the NEV market. Emission reduction targets and vehicle purchase subsidies in European countries, combined with financial incentives and marketing initiatives in Asian countries, as well as similar support in other regions, collectively act as powerful catalysts for the growth of the global NEV market.

Growing young consumer group

Young consumer group has gradually become the main buyers in the global NEV market. Young consumers prefer passenger vehicles with stylish designs and more spacious interiors, and are keen to explore and pursue a smarter driving experience. The preferences of young consumers was highly aligned with the trend of electrification, intelligence and inter-connectivity of NEV products.

Upgrade of battery technology

Battery is a major cost component in the production of NEV. According to the CIC Report, battery cost accounted for approximately 40% of the overall production cost of a NEV in 2023 on average. The price of NEV battery packs decreased from US$780 per kWh in 2013 to US$139 per kWh in 2023, and is expected to further decrease to US$93 per kWh in 2028. Lower battery cost and the upgrade of power battery technologies will reduce the production cost of NEVs, and thereby lower their market price. This will attract more NEV consumers and boost NEV sales.

Improvement in infrastructure networks such as charging networks

According to the CIC Report, by the end of 2023, there were approximately 3.9 million public charging piles worldwide, among which approximately 1.4 million were fast charging piles. It is estimated that the number of public charging piles globally will increase to 23.5 million by the end of 2028, among which 9.4 million will be fast charging piles. The improvement of charging network will alleviate the range anxiety of NEV users and significantly increases battery utilization and efficiency, thereby promoting the growth of global NEV industry.

Increased demand for intelligent in-vehicle technologies

The electrification and intelligence of passenger vehicles complement each other, making NEVs important carriers of intelligence. There have been significant advancements in automotive intelligence technologies, including autonomous driving, smart cockpit and OTA technologies in recent years, which have enhanced the safety comfort and convenience of passenger vehicle driving. In-vehicle intelligent technologies have become key factors influencing consumers' purchase decisions. According to the CIC Report, there was a 250% increase in Tesla's Fully Self-Driving (FSD) system service subscriptions in 2023. This shows increasing consumer acceptance of intelligent technology, such as autonomous driving. It is expected that consumers' focus and emphasis on the intelligent technologies will further boost the penetration rate of NEVs to even higher levels.

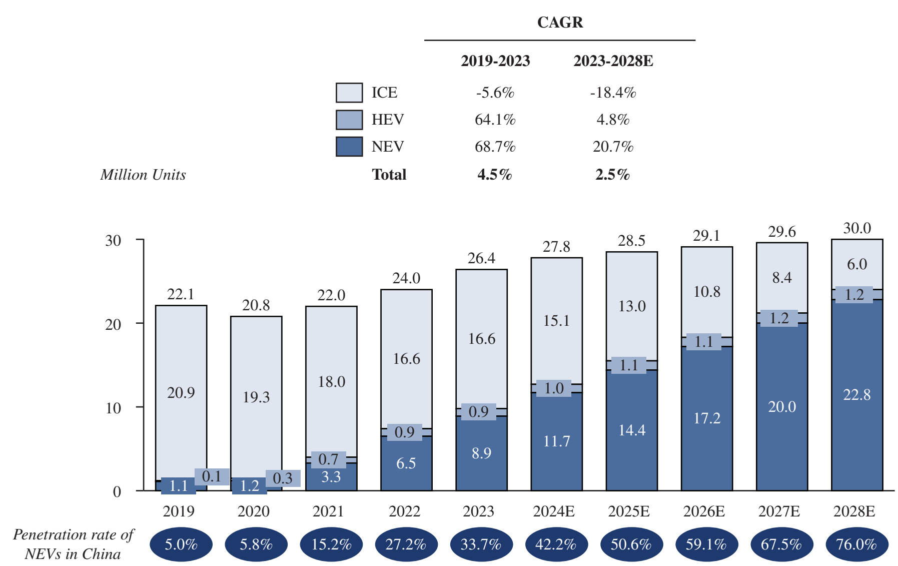
Promotion and application of V2G (Vehicle-to-Grid) technology

With the upgrade and improvement of battery technology and charging infrastructure, the application of V2G technology will bring new growth opportunities for the NEV industry. V2G technology transforms electric vehicles into mobile energy storage units through the in-vehicle battery system to enable intelligent interaction between NEVs and the grid. V2G technology can enhance the grid's ability to balance peak and off-peak loads and improve grid stability and operational efficiency. V2G technology can also increase the energy utilization efficiency of NEVs, creating additional economic benefits for both vehicle owners and vehicle manufacturers through electricity trading.

China has grown to be the largest NEV market

According to the CIC Report, China has become the world's largest passenger vehicle market since 2010, with sales volume of 26.4 million units in 2023, accounting for 34.9% of global passenger vehicle sales volume in the same year. Sales growth of NEVs is expected to be a key driver of future sales growth in China's passenger vehicle market. According to the CIC Report, sales volume of NEVs in China increased at a CAGR of 68.7% from 1.1 million units in 2019 to 8.9 million units in 2023. The sales volume of NEVs in China is expected to grow at a CAGR of 20.7% from 2023 to 2028, reaching 22.8 million units in 2028. The proportion of NEVs in the total sales of passenger vehicles in China is also expected to increase from 33.7% in 2023 to 76.0% in 2028.

Sales Volume of Passenger Vehicles in China, by Energy Type, 2019-2028E



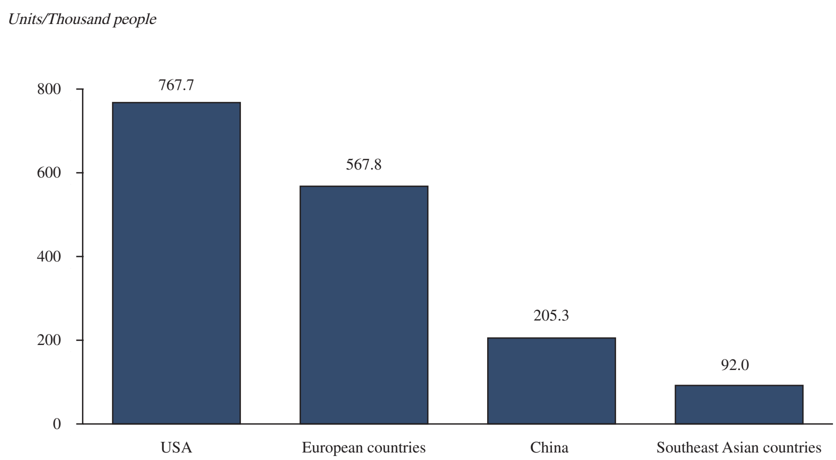
Source: CPCA, CIC

Emerging markets such as Southeast Asia are expected to replicate the development pattern of China's NEVs market with booming growth

Southeast Asia

The passenger vehicle market in Southeast Asia has significant growth potential. According to the CIC Report, at the end of 2023, the passenger vehicle parc per thousand people in major Southeast Asian countries was only 92.0 units, which was significantly lower than those of developed economies such as the United States (approximately 767.7 units per thousand people) and European countries (approximately 567.8 units per thousand people). It was also lower than China (approximately 205.3 units per thousand people in China) as of the same date and roughly equivalent to China's level in 2014. As an emerging market with a large population and rapid economic growth, the passenger vehicle market in Southeast Asia is expected to rapidly grow, driven by the development of regional economics, the expansion of the population of middle class and increasing demand for travel convenience among consumers.

Comparison of Passenger Vehicle Parc per Thousand People in Major Southeast Asian Countries(1) and Major Economies, 2023



Note:

1. Major Southeast Asian countries include Thailand, Malaysia, Indonesia, Vietnam and the Philippines.

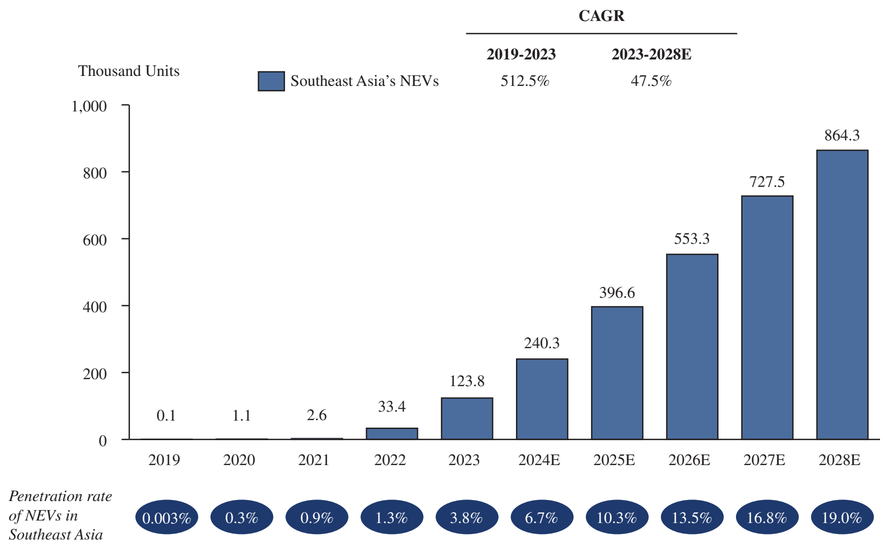
Source: World Bank, International Automobile Manufacturers Association, CIC

The growth of the young consumer group in Southeast Asia is also expected to drive the increase in demand for passenger vehicles in this region. According to the CIC Report, the median age of the population in major Southeast Asian countries in 2023, namely Vietnam, Malaysia, Indonesia and the Philippines, was approximately 32.8 years, 30.8 years, 29.9 years and 25.0 years, respectively, which was significantly lower than that of developed economies such as the European countries (about 45.0 years) and the United States (about 39.0 years). As these young consumers gradually become the main buyers, the passenger vehicle market, particularly the NEV market in Southeast Asia is expected to usher in a new round of rapid development.

The growing demand for passenger vehicles in Southeast Asia presents huge potentials for the development of the NEV market. However, as the local automobile industry is relatively underdeveloped, the NEV sector in Southeast Asia, with a relatively low penetration rate, has not yet fully developed. With the advancement of global NEV technology, the reduction in manufacturing costs and the continued expansion of international NEV manufacturers in the region, the local NEV industry is expected to experience rapid growth. Meanwhile, to encourage local consumers to purchase and use NEVs, Southeast Asian countries have implemented plans to lower the cost of purchasing NEVs through various measures, such as reducing import tariffs, lowering value-added taxes, providing purchase subsidies, and promoting the construction of vehicle charging infrastructure. Supportive government policies, improving infrastructure, growing consumer demand for intelligent vehicle models and decreasing vehicle costs is expected to further accelerate the adoption and penetration of NEVs in the region. These characteristics are reminiscent of the early development stage of China's NEV market, which indicates that driven by policy support, technological advancement and market demand, Southeast Asia is expected to replicate the development pattern of China's NEV market with booming growth in the sales of NEVs.

According to the CIC Report, the sales volume of NEVs in Southeast Asia in 2023 reached 123.8 thousand units with a penetration rate of only approximately 3.8%. The total sales volume of NEVs in Southeast Asia is expected to grow at a CAGR of 47.5% to 864.3 thousand units with a rapid increase in penetration rate to 19.0% by 2028. Among the major countries of Southeast Asia, it is expected that the total sales volume of NEVs in Thailand, Indonesia and Malaysia will increase at a CAGR of 24.0%, 76.9% and 62.2% between 2023 and 2028 to 259.3 thousand units, 302.5 thousand units and 129.6 thousand units by 2028, respectively.

Sales Volume of NEVs in Southeast Asia[1], 2019-2028E



Note:

1. Sales volume is calculated based on insurance registration statistics.

Source: CPCA, CIC

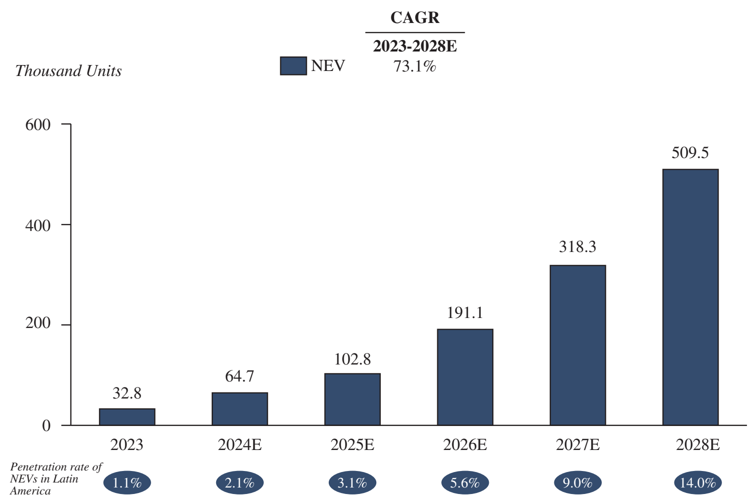
Latin America

The passenger vehicle market in Latin America also has enormous development potential. At the end of 2023, the passenger vehicle parc per thousand people in major Latin American countries, Brazil and Mexico, was approximately 181.9 units and 295.5 units, respectively, which was also lower than that in developed countries such as the United States and European countries.

Due to the lack of a well-developed automobile industry chain and the absence of competitive local brands in major countries of Latin America, the development of the NEV industry in the region is lagging behind. The governments in Latin American countries have introduced a series of incentive policies for NEV purchases and usage, including zero import tariffs, toll and parking fee reductions, which is expected to effectively promote NEV production and sales growth.

According to the CIC Report, the sales volume of NEVs in Latin America in 2023 was 32.8 thousand units, representing a penetration rate of only 1.1%, and is expected to grow at a CAGR of 73.1% to 509.5 thousand units by 2028, representing a penetration rate of 14.0%. Among the major countries in Latin America, it is expected that the total sales volume of NEVs in Brazil and Mexico will increase at a CAGR of 62.2% and 75.7% between 2023 and 2028 to 229.3 thousand units and 127.4 thousand units in 2028, respectively.

Sales Volume of NEVs in Latin America[1], 2023-2028E



Note:

1. Sales volume is calculated based on insurance registration statistics.

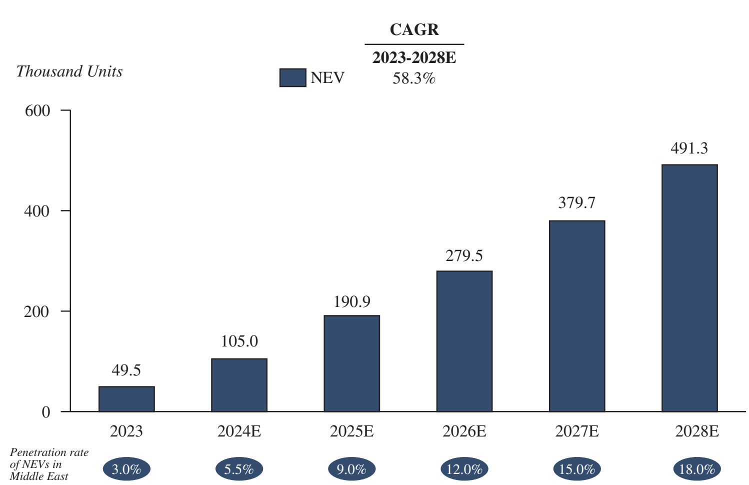
Source: CPCA, CIC

Middle East

Consumers in the Middle East have strong purchasing power and high demand for vehicles. In pursuit of their green transformation plans, the governments in Middle East countries have issued a series of policies to support the development of the NEV industry, such as low-carbon and emission reduction targets, the establishment of charging network and tax incentives.

According to the CIC Report, the sales volume of NEVs in the Middle East was 49.5 thousand units in 2023 and is expected to grow at a CAGR of 58.3% to 491.3 thousand units by 2028.

Sales Volume of NEVs in the Middle East[1], 2023-2028E



Note:

1. Sales volume is calculated based on insurance registration statistics.

Source: CPCA, CIC

Africa

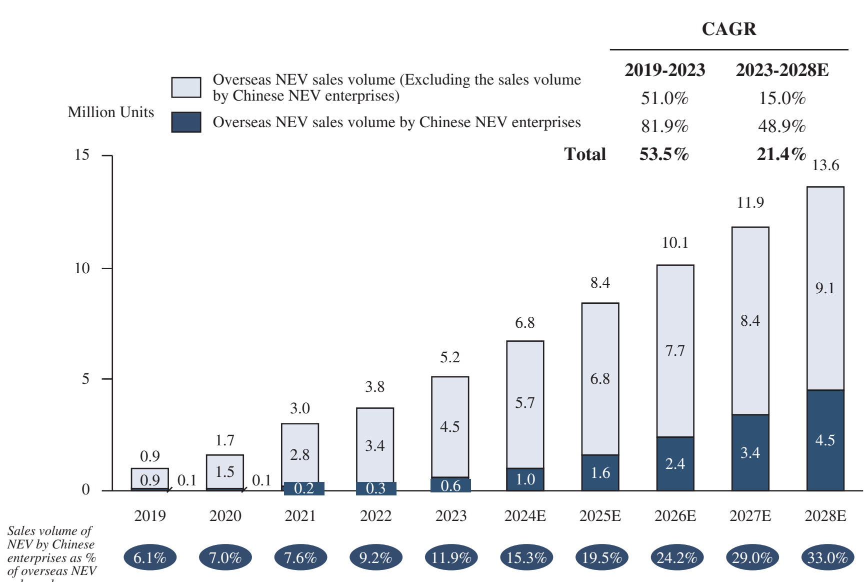
The NEV industry in Africa is currently in its early stages, facing limited consumer purchasing power, insufficient government financial subsidies and a lack of charging infrastructure, among others. However, with the advancement of global electrification and the active support of African countries for the electric vehicle industry, the African market shows great development potential. It is estimated that African market will also be a key region in the global footprint of Chinese NEV companies.

China's vehicle enterprises accelerate their expansion into overseas NEV markets

The accelerated expansion of China's NEV enterprises into overseas markets has become a key driver of China's vehicle exports.

According to data from the CPCA, China's passenger vehicle export sales volume in 2023 reached 4.4 million units, surpassing Japan's vehicle export sales volume for the same year and making China the world's largest vehicle exporter for the first time. China boasts a well-developed industrial chain and excellent electrification and intelligent technologies for the NEV industry. With increasing domestic and international policy support for NEVs, China's NEV enterprises have been accelerating their overseas expansion, which leads to increasing overseas sales and passenger vehicle exports. According to the CIC Report, in terms of retail sales volume in overseas markets, the overseas NEV sales volume by Chinese NEV enterprises reached 0.6 million units in 2023, accounting for 11.9% of the total sales volume of NEVs in overseas markets in the same year. It is expected that by 2028, the overseas NEV sales volume by Chinese NEV enterprises is expected to grow rapidly to 4.5 million units, accounting for 33.0% of the total vehicle sales volume of NEVs in overseas markets in the same year.

Overseas[1] NEV Sales Volume[2], 2019-2028E



Notes:

1. Overseas refers to global markets excluding China;

2. Sales volume is calculated based on insurance registration statistics.

Source: CPCA, CIC

China's NEV enterprises have established first-mover advantages in the booming Southeast Asian market

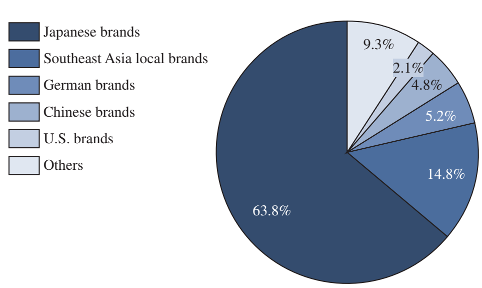
Southeast Asia is similar to China's historical development in terms of demographic characteristics, socio-economic development, industrialization process and the transformation in consumption habits. The expansion of the young population, the rising income levels and the increasing trend of consumption upgrading in the region has laid a solid foundation for China's NEV enterprises to expand in Southeast Asia.

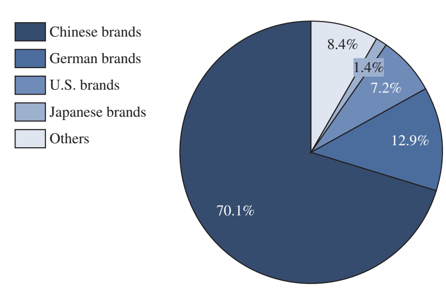
In Southeast Asia, small and medium-sized vehicles are popular among consumers for their affordability, flexibility and green features. According to the CIC Report, in 2023, the sales volume of small and medium-sized (including B-class, A-class, A0-class and A00-class) passenger vehicles (including NEVs) in Southeast Asia accounted for approximately 90.0% of the total sales volume of passenger vehicles. Small and medium-sized NEVs demonstrate significant market potential and promising growth prospects in Southeast Asia, which is also the target market of Chinese NEV enterprises.

Furthermore, governments in Southeast Asia implemented conducive policies and business environment to support the development of China's NEV enterprises in the region, including offering direct subsidies for establishing local manufacturing plants, easing import restrictions on NEVs and lowering the consumption tax on NEV purchases.

Currently, the passenger vehicle market in Southeast Asia is still dominated by Japanese vehicle brands. According to the CIC Report, at the end of 2023, the total sales volume of passenger vehicles in Southeast Asia was 3,253.1 thousand units, of which Japanese vehicle brands accounted for 2,075.1 thousand units with a market share of 63.8%. However, in the NEV market in Southeast Asia, Chinese vehicle manufacturers have already gained a first-mover advantage through early market positioning and technological advancement. According to the CIC Report, in 2023, Chinese NEV brands had established a dominant presence in the Southeast Asia market with a sales volume of 87.0 thousand units of NEVs, representing 70.1% of the total NEV sales volume in the region for the same year. In contrast, German, U.S. and Japanese brands held market shares of 12.9%, 7.2% and 1.4%, respectively, during the same year.

Competitive Landscape of Passenger Vehicles (left) and NEVs (right) in Southeast Asia, by Brand Origin, 2023





Source: CPCA, CIC

With the rise of the NEV market in Southeast Asia to replace that of traditional ICE vehicles, the competitive landscape of the passenger vehicle market originally dominated by Japanese brands will undergo transformation. China's NEV enterprises have established a first-mover advantage in qualifications, branding, products and distribution channels, which has helped them succeed in Southeast Asia and creates significant competitive barriers. Looking forward, China's NEV enterprises are expected to maintain their strong comprehensive competitiveness and become the new market leaders in Southeast Asia.

Analysis of the competitive landscape of Southeast Asia NEV market

The following table shows the top five NEV brands by sales volume in the Southeast Asia market in 2023, with the top three being Chinese passenger vehicle brands. Neta, with 12,958 units, ranked third among all brands and first among vehicle brands exclusively producing NEVs in terms of sales volume, representing a 10.5% market share in Southeast Asia.

Top 5 NEV Brands in Southeast Asia in 2023, by Sales Volume(1)

Rank	Brand	Sales Volume (Unit)	Market Share(2)
1	Brand A(3)	35,462	28.6%
2	Brand B(4)	15,436	12.5%
3	**Neta**	**12,958**	**10.5%**
4	Brand C(5)	9,694	7.8%
5	Brand D(6)	8,959	7.2%

Notes:

(1) Sales volume is calculated based on insurance registration statistics.

(2) Market share represents the proportion of the sales volume in the overall sales volume of NEVs in Southeast Asia.

(3) Brand A is affiliated with an automotive group founded in 1995 and headquartered in Guangdong, China.

(4) Brand B was founded in 1924 in Oxford, United Kingdom, and was acquired by an automotive group headquartered in Shanghai, China in 2007.

(5) Brand C is affiliated with an automotive group founded in 1916 and headquartered in Munich, Germany.

(6) Brand D is affiliated with a high-tech company founded in 2003 and headquartered in Texas, United States.

Source: CPCA, CIC

The following table shows the top five BEV models by sales volume in Southeast Asia. In 2023, we sold 12,958 units of Neta V, ranking the second among all BEV models in terms of sales volume and capturing a 12.4% market share. It ranked first among small-size BEV models in terms of sales volume, representing a 52.0% market share.

Top 5 BEV Models in Southeast Asia in 2023, by Sales Volume(1)

Rank	Model	Brand	Sales Volume (Unit)	Market Share(2)
1	Model A	Brand A	22,865	21.8%
2	**Neta V**	**Neta**	**12,958**	**12.4%**
3	Model B	Brand A	9,409	9.0%
4	Model C	Brand E(3)	7,231	6.9%
5	Model D	Brand F(4)	6,712	6.4%

Notes:

(1) Sales volume is calculated based on insurance registration statistics.

(2) Market share represents the proportion of the sales volume in the overall sales volume of BEVs in Southeast Asia.

(3) Brand E is affiliated with an automotive group founded in 1967 and headquartered in Seoul, Korea.

(4) Brand F is affiliated with an automotive group founded in 1984 and headquartered in Hebei, China.

Source: CPCA, CIC

Key success factors for China's NEV enterprises in Southeast Asia

Accurate product positioning

Through market research, China's NEV enterprises accurately identified the expectations and needs of Southeast Asian consumers for electric vehicles. They have launched differentiated products tailored to various market segments to address the specific needs of various user groups. For example, Chinese NEV enterprises typically launch products with long driving range in the Southeast Asian market, which has relatively underdeveloped infrastructure.

Strong product competitiveness

China's NEV enterprises have achieved technological innovations in battery, motor and electric control systems, resulting in products with extended driving range and exceptional performance. Intelligent features such as ADAS and smart connectivity further enhance the safety and user-friendliness of their products. Additionally, trendy and sporty designs, along with personalized configuration options, cater to the diverse needs of the market.

Customer-centric services

Under a customer-centric service philosophy, China's NEV enterprises offer personalized purchasing solutions and convenient purchasing processes to strengthen connection with consumers. Comprehensive after-sales service teams, proactive user feedback mechanisms and continual product improvements further enhance consumer experience, showing the strong customer service capabilities of China's NEV enterprises.

High brand recognition

China's NEV enterprises have successfully established positive brand images in the Southeast Asian market with their early market insights and expansion strategies, giving them a first-mover advantage in brand recognition. They have further enhanced brand awareness and influence locally through the integration of marketing and brand operation collaboration with government agencies and engagement in cultural promotion activities.

Supply chain localization

Foreign vehicle manufacturers often face various requirements and restrictions when setting up local production lines in Southeast Asia, such as minimum capital requirements, foreign ownership limits and technical and quality standards. In response, China's NEV enterprises adopt diverse, flexible and open capital operation models to collaborate with local partners in establishing production bases and sales networks. Under such cooperative model, China's NEV enterprises can quickly establish a local layout of the industry chain. By promoting the localization of supply chain, NEV enterprises can benefit from supporting policies related to investment and tariffs by local governments, thereby reducing import-related expenses. This approach also enhances the stability and flexibility of the supply chain, enabling quick responses to market changes and establishing an efficiency advantage in a competitive market.

Innovative sales channel layout

China's NEV enterprises have adopted innovative sales channel strategies in the Southeast Asian market, including the establishment of brand experience centers and online sales platforms. These channels not only enhance product accessibility, but also enhance consumers' willingness to purchase by providing value-added services such as test driving and customized services.

China's NEV enterprises are expected to promote the success in the Southeast Asian market to other potential markets

By deeply diving in the Southeast Asian market, China's NEV enterprises have accumulated valuable consumer insights and experience in localization of supply chain and sales channels. Such experience is expected to be replicated in Latin America, the Middle East and Africa, to further bolster the global market share of China's NEV enterprises, enabling them to achieve continual business growth and enhance brand influence.

The passenger vehicle parc per thousand people in Latin American countries indicates significant market potential. In response to the global trend towards green development, Latin American countries encourage collaboration with overseas NEV enterprises to foster the development of NEV industry. China's ICE vehicle enterprises have already gained certain market share in Latin American countries such as Brazil and Mexico and established market recognition for Chinese vehicle brands. It is expected that, with the rapid growth in demand for NEVs, China's NEV enterprises will leverage their advantages in intelligence and technological innovation, as well as their proven overseas expansion model and successful experience in Southeast Asia, to achieve higher sales volume and market share in Latin America.

The Middle East boasts a large consumer base with strong purchasing power. Various countries in the region have introduced supportive policies to promote the development of the NEV industry. Additionally, some countries in the region are actively seeking overseas cooperation to exchange and learn technologies and manufacturing experience related to NEVs and charging infrastructure. These initiatives not only drive local market demand for NEVs but also provide opportunities for international automakers, particularly China's NEV enterprises, to enter and develop in the market. Therefore, the Middle East is also a key target market for the overseas expansion of China's NEV enterprises.

Although the NEV market in Africa is currently in its early stages and faces numerous challenges, the global trend towards electrification, the optimization of local policy environments and the technological and cost advantages of Chinese enterprises suggest that the African markets have the potential to become a significant growth point for the global NEV industry and a key region for the global expansion of China's NEV enterprises.

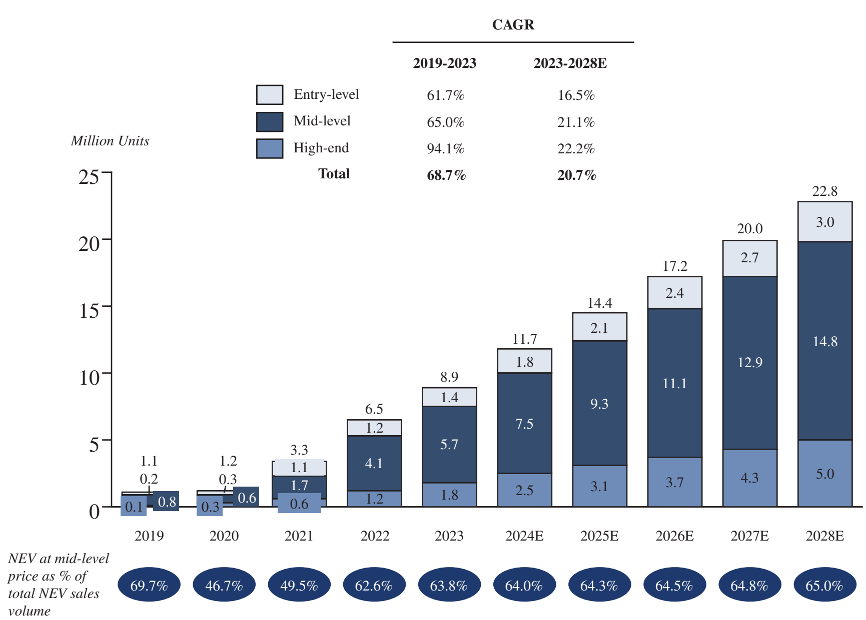
DEVELOPMENT AND COMPETITIVE LANDSCAPE OF CHINA'S NEV MARKET

Mid-level market is the largest market segment of China's NEV market

China's NEV market can be divided into three market segments based on sales price, namely (i) the entry-level market segment with vehicle prices set at below RMB100,000; (ii) the mid-level market segment with vehicle prices set at between RMB100,000 and RMB300,000; and (iii) the high-end market segment with vehicle prices set at over RMB300,000.

According to the CIC Report, mid-level NEV market enjoys a broad potential consumer base, due to diversified product portfolio as well as the balanced combination of sales price, driving range and driving experience. In recent years, with the increasing recognition and acceptance of NEVs by consumers, the sales volume of mid-level NEVs maintained a rapid growth and has developed into the largest market segment in China's NEV market. From 2019 to 2023, the sales volume of mid-level NEVs increased at a CAGR of 65.0% from 0.8 million units to 5.7 million units. The mid-level market accounted for 63.8% of total sales in 2023. It is estimated that by 2028, the sales volume of NEVs in the mid-level market will further grow to 14.8 million units, accounting for 65.0% of total NEVs sales. This trend indicates that the mid-level market is the dominant segment in China's NEV market. The following chart shows the sales structure of China's NEV market segments by price.

Sales Volume of NEVs in China, by Price, 2019-2028E

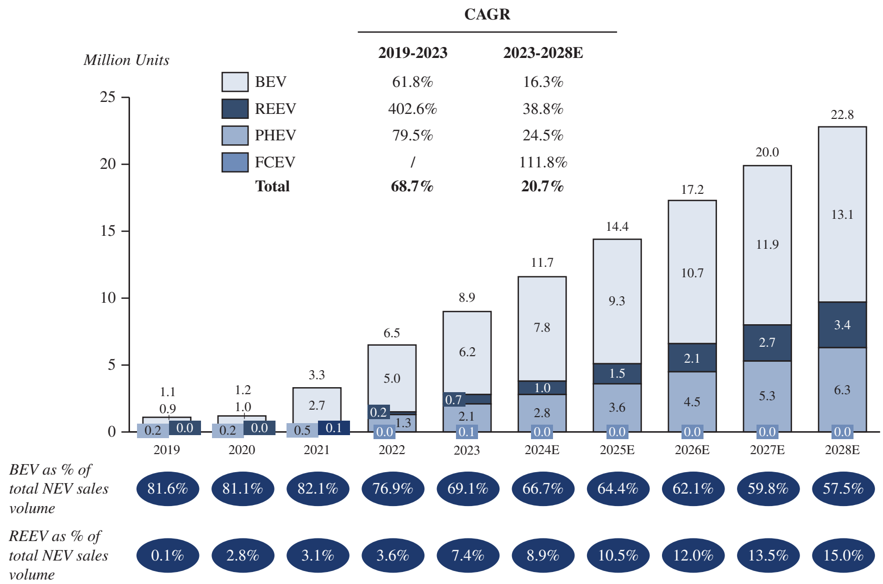


Source: CPCA, CIC

The sales of BEVs grow steadily and the sales of REEVs catch up from behind

According to the CIC Report, NEVs can be divided into battery electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV), range extender electric vehicles (REEV) and fuel cell electric vehicles (FCEV) based on power type. In 2023, the sales volume of BEVs in China was 6.2 million units, accounting for 69.1% of the total sales volume of NEVs in China. As the largest market segment by power type, the sales volume of BEVs is expected to increase to 13.1 million units in 2028, accounting for 57.5% of the total sales volume of NEVs in China. With the key advantages of electric vehicles and the ability to alleviate common range anxiety, REEVs are expected to achieve faster sales growth. In 2023, the sales volume of REEVs in China was 0.7 million units, accounting for 7.4% of the sales volume of NEVs in China. From 2023 to 2028, the sales volume of REEVs is expected to increase at a CAGR of 38.8% to 3.4 million units in 2028, accounting for 15.0% of the sales volume of NEVs in China. The following chart shows the sales structure of China's NEV market segments by power type.

Sales Volume of NEVs in China, by power type, 2019-2028E



Source: CPCA, CIC

Development trend of China's NEV market

Increasingly refined product segmentation

In the future, the segmentation of NEVs will become more refined to provide a wealth of options to meet the diverse needs of consumers across different price ranges. To capture the expanding NEV market, manufacturers are introducing new models to cater to a wide range of pricing segments. For example, NEV enterprises are actively enhancing their brands by offering larger vehicle sizes, improving safety performance and introducing more advanced intelligent configurations. At the same time, NEV enterprises are also targeting the lower-tier markets to broaden their consumer base. The growing acceptance of NEVs has propelled demand in the third and lower-tier cities, making them the new driving force for growth in NEV market. According to the CIC Report, the proportion of sales volume of NEVs in third and lower-tier cities increased from 21.2% to 35.0% from 2019 to 2023, and is expected to increase to 37.2% in 2028.

Intelligent ecosystem and autonomous driving technology redefining in-vehicle experience

As NEV consumers increasingly demand superior service quality and a comfortable journey, NEV enterprises must provide a comprehensive, interconnected and intelligent driving experience coupled with excellent customer support services. The intelligent ecosystem, which includes features such as speech interaction, intelligent connectivity and autonomous driving, is expected to remain a key differentiator for NEVs in the future. China's NEV enterprises are actively promoting the application of large language models in the automobile industry. Big models have strong data processing capability, semantic understanding capability and perception recognition capability, which can better understand the actual needs of users and provide richer multi-modal interaction functions. Empowered by advanced AI technologies such as big models, NEVs are expected to evolve into truly intelligent mobile terminals and ultimately form an ecosystem that integrates people, vehicles and the environment.

Competitive Landscape of NEV Market in China

Overall competitive landscape of NEV market in China

China's NEV enterprises face competition not only from traditional ICE enterprises but also from other NEV enterprises, resulting in a fragmented competitive landscape in the NEV market. In 2023, there were 146 NEV brands in China, with only 16 of them having an sales volume of over 100,000 units. These top 16 brands accounted for a 66.6% of market share in 2023. The table below highlights the top 10 Chinese brands that only produce NEVs in terms of sales volume of NEVs in 2023, among which, Neta ranked the eighth with 105,278 units of NEVs sold in 2023.

Top 10 Chinese NEV Brands (only producing NEVs) in 2023, by Sales Volume(1)

Rank	Brand	Sales Volume (Unit)	Market Share(2)
1	Brand G(3)	442,574	5.0%
2	Brand H(4)	377,249	4.2%
3	Brand I(5)	159,905	1.8%
4	Brand J(6)	133,549	1.5%
5	Brand K(7)	130,250	1.5%
6	Brand L(8)	114,105	1.3%
7	Brand M(9)	105,352	1.2%
8	**Neta**	**105,278**	**1.2%**
9	Brand N(10)	97,701	1.1%
10	Brand F	85,462	1.0%

Notes:

(1) Sales volume is calculated based on insurance registration statistics.

(2) Market share represents the proportion of the sales volume in the overall sales volume of NEVs in China.

(3) Brand G is affiliated with an automotive group founded in 2005 and headquartered in Guangdong, China.

(4) Brand H is affiliated with an emerging automotive company founded in 2015 and headquartered in Beijing, China.

(5) Brand I is affiliated with an emerging automotive company founded in 2014 and headquartered in Anhui, China.

(6) Brand J is affiliated with an emerging automotive company founded in 2014 and headquartered in Guangdong, China.

(7) Brand K is affiliated with an emerging automotive company founded in 2015 and headquartered in Zhejiang, China.

(8) Brand L is affiliated with an automotive group founded in 1995 and headquartered in Guangdong, China.

(9) Brand M is affiliated with an automotive group founded in 1997 and headquartered in Zhejiang, China.

(10) Brand N is affiliated with an automotive group founded in 1986 and headquartered in Chongqing, China.

Source: CPCA, CIC

Competitive landscape for small-size battery electric SUVs

Small-size battery electric SUVs are favored by many young consumers because of the compact size, easy parking and affordable price, which make them suitable for daily commute. In 2023, there were approximately 28 brands which sold 38 models of small-size battery electric SUVs in China. In particular, we sold 35,270 units of Neta AYA (including Neta V)* in 2023, as measured by vehicle insurance registration, placing it at the first spot in terms of sales volume of small-size battery electric SUVs.

Note:

* Neta AYA is an upgraded model of Neta V. Therefore, the sales volume of Neta V is included in the sales volume of Neta AYA.

Competitive landscape for compact battery electric SUVs

Compact battery electric SUVs are cost-effective and more spacious than small-size battery electric SUVs, making them well-suited to the needs of most Chinese families for work commuting and daily life. In 2023, there were approximately 36 brands which sold 41 models of compact battery electric SUVs in China. In particular, we sold 40,950 units of Neta X (including Neta U)* in 2023, as measured by vehicle insurance registration, placing it at the fourth spot in terms of sales volume of compact battery electric SUVs.

Competitive landscape for mid-to-large new energy sedans

Young middle-class is becoming more attracted to mid-to-large new energy sedans because of their stylish exteriors, spacious interiors and wider range of in-vehicle intelligent features, which brings excellent driving experience to consumers. In 2023, there were approximately 23 brands which sold 26 models of mid-to-large new energy sedans in China. In particular, we sold 20,042 units of Neta S in 2023, as measured by vehicle insurance registration, placing it at the fourth spot in mid-to-large new energy sedans.

Competitive landscape for new energy sports cars

Similar to traditional sports cars powered by fuel, new energy sports cars have avant-garde styling and excellent handling performance. With the advantages of electric motor, new energy sports cars are able to provide stronger direct power output compared to traditional sports cars. In 2023, there were six brands under which six models of new energy sports cars were sold in China. In particular, we sold 9,016 units of Neta GT in 2023, as measured by vehicle insurance registration, placing it at the first spot in terms of sales volume of new energy sports cars.

ENTRY BARRIERS OF GLOBAL NEV INDUSTRY

Industry-related qualifications

NEV manufacturers are required to meet various qualification requirements mandated by different governments to produce and sell NEVs globally. Various governments have implemented strict admission mechanism for investment and production in the NEV industry. According to relevant laws and regulations, NEV manufacturers must demonstrate their capabilities in finance, research and development, production and quality assurance. They must also complete approval procedures with the relevant government authorities and obtain automotive production qualification, which represents a critical threshold for entry in the NEV market.

Initial investment

Automobile manufacturing is inherently capital-and-technology-intensive. Sufficient initial capital investment in production capabilities, product design, research and development, production and marketing is a primary factor that affects the development of NEV manufacturers.

Note:

* Neta X is an upgraded model of Neta U. Therefore, the sales volume of Neta U is included in the sales volume of Neta X.

Full life cycle integration capabilities

The ability to establish integration capabilities covering the full life cycle of vehicles, including R&D, production, distribution and customer service, sets NEV manufacturers apart from their competitors. Scientific and efficient in-house R&D capabilities can reduce the development and production costs of NEVs and accelerate model iterations. Meanwhile, integrated production, distribution and customer service helps ensure product delivery capabilities to attract and maintain new customers.

Production cost and capacity constraints

The power batteries and control chips are the main cost components of NEVs. The high volatility in the purchase price of raw materials of power batteries and insufficient supply of automotive-grade chips, place limitations on the production capacity of NEV manufacturers, making it challenging for new entrants to effectively achieve an economy of scale.

Intelligent NEV ecosystem and supporting services

In the future, the intelligent NEV ecosystem can enable more comprehensive, interactive and extended intelligent driving experience and supporting services based on consumer needs. A comprehensive, complete and intelligent ecosystem can help cultivate a closer brand-consumer relationship, enhance user experience and strengthen brand loyalty, making it difficult for new entrants to quickly gain market share.

OVERVIEW

Our Company was founded by Dr. Fang and was established on October 16, 2014 as a limited liability company under the name of Zhejiang Hozon New Energy Automobile Limited (浙江合眾新能源汽車有限公司) under PRC laws. Since our inception, we have been led by Dr. Fang, who has over 20 years of experience in the automobile industry with a primary focus on the research and development of NEVs. Under the leadership of Dr. Fang, we have launched five models of smart NEVs up to the Latest Practicable Date. Our vehicle deliveries grew rapidly from 64,230 units in 2021 to 124,189 units in 2023.

In January 2021, we were renamed as Hozon New Energy Automobile Limited (合眾新能源汽車有限公司). In February 2023, our Company was converted into a joint stock limited company under the name of Hozon New Energy Automobile Co., Ltd (合眾新能源汽車股份有限公司). As of the Latest Practicable Date, our Company had an issued share capital with 2,837,458,180 Shares of a nominal value of RMB1.00 each. We are a technology-focused NEV company with a global vision. Through continual innovation and accurate product positioning, we have become a leading smart NEV brand in China.

KEY BUSINESS MILESTONES

The following table sets forth our various key business development milestones:

Year	Event
2014	Our predecessor, Zhejiang Hozon New Energy Automobile Limited, was established.
2017	We were granted the "Electric Vehicle Production Construction Project Permit" (電動乘用車建設項目核准) with a capacity of 50,000 vehicles by the NDRC.
2018	We were granted the "Manufacturing Qualification" (生產資質) by the MIIT.
	In June, we officially announced our brand "Neta".
	We delivered our first mass-produced model, "Neta N01."
2019	We opened our Beijing Design Center.
2020	We delivered our second and third mass-produced models, "Neta U" and "Neta V".
2021	We initiated research into the right-hand drive models in preparation of our expansion into Thailand and Southeast Asia.
	In November, we introduced the industry's first fully self-developed intelligent vehicle platform — the Shanhai Platform (山海平台), which embodies high intelligence, safety, expandability and environmental friendliness.
2022	In January, we achieved cumulative sales of our vehicles of 100,000 units.
	We delivered our first smart sport sedan model, "Neta S."
	We launched our HOZI Technology Platform (浩智科技平臺), including HOZI Intelligent Super Controller (浩智超算), HOZI Intelligent Electric Motor (浩智電驅) and HOZI Intelligent Range Extender (浩智增程).
	In October, we achieved cumulative sales of our vehicles of 200,000 units.
	We opened our first overseas Neta Space and began to deliver our right-hand drive vehicles in Thailand.

Year	Event
2023	We delivered our first four-seater electric sports coupe, "Neta GT".
	In September, we achieved cumulative sales of our vehicles of 300,000 units.
	In November, we established our global headquarters in Hong Kong.
	In December, we entered into cooperation agreement with one of the largest vehicle distributors in Hong Kong.
	As of December 31, 2023, we achieved an aggregate of over 1.1 million registered users in our Neta APP.
	In expanding our global presence, we began to deliver our vehicles to Indonesia, Malaysia, Jordan, Colombia, Costa Rica.
2024	We delivered our smart super range extender electric SUV designed for family travel needs, "Neta L".
	We commenced local production in Thailand in March and Indonesia in May.
	In May, we opened our first Neta direct sales store in Hong Kong.
	We further expanded our presence around the world and began to deliver our vehicles to Hong Kong and Chile.

PRINCIPAL SUBSIDIARIES AND OPERATING ENTITIES

Set forth below is a table summarizing the key information for each of our Principal Subsidiaries:

Name of subsidiary	Registered Capital	Equity interest attributable to our Group	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
Neta Hezhi (Shanghai) Automobile Sales Service Co., Ltd. (哪吒合智(上海)汽車銷售服務有限公司)	RMB2,000,000,000	100%	China	September 29, 2021	Electric vehicles and components sales and aftersales services
Zhonglian Tianxia Automobile Sales Service Co., Ltd. (眾聯天下汽車銷售服務有限公司)	RMB2,000,000,000	100%	China	June 13, 2018	Electric vehicles sales and aftersales services
Nanning Ningda Automobile Sales Service Co., Ltd. (南寧寧達汽車銷售服務有限公司)	RMB1,900,000,000	100%	China	January 8, 2020	Electric vehicles and components sales and aftersales services

Name of subsidiary	Registered Capital	Equity interest attributable to our Group	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
Guangxi Ningda Automobile Technology Co., Ltd. (廣西寧達汽車科技有限公司)	RMB1,020,000,000	100%	China	December 30, 2019	Electric vehicles and components manufacturing
Zhongxin (Guangxi) Financial Leasing Co., Ltd. (眾鑫(廣西)融資租賃有限公司) ("**Zhongxin Guangxi**")(1)	RMB200,000,000	100%	China	June 3, 2021	Financial leasing
Tongcheng Hezhi Automobile Sales Service Co., Ltd. (桐城合智汽車銷售服務有限公司)	RMB100,000,000	100%	China	December 15, 2022	Electric vehicles sales and aftersales services
NETA AUTO (THAILAND) CO., LTD.	THB232,000,000	100%	Thailand	December 1, 2021	Electric vehicles and components sales and aftersales services
Jiaxing Zhonglian Tianxia Automobile Sales Service Co., Ltd. (嘉興眾聯天下汽車銷售服務有限公司)	RMB10,000,000	100%	China	July 17, 2020	Electric vehicles sales and aftersales services

Note:

(1) On December 31, 2023, Zhonglian Tianxia Automobile Sales Service Co., Ltd, Guangxi Guiwu Electromechanical Group Co., Ltd (廣西桂物機電集團有限公司) ("**Guangxi Guiwu**"), an Independent Third Party, and the Company entered into a shareholder agreement pursuant to which Guangxi Guiwu agreed to invest RMB317,522,338 to acquire RMB208,163,265 of the registered capital of Zhongxin Guangxi ("**Zhongxin Shareholder Agreement**"). Upon completion of the above transaction, the registered capital of Zhongxin Guangxi will be increased from RMB200,000,000 to RMB408,163,265 and Zhongxin Guangxi will become owned as to 51% by Guangxi Guiwu and 49% by the Company. Zhongxin Guangxi will cease to be a subsidiary of the Company and will no longer be consolidated into the consolidated financial statements of the Company. The above transaction is considered a deemed disposal of Zhongxin Guangxi by our Company and the registered capital of Guangxi Guiwu cannot be swapped into shareholding in our Company. As of the Latest Practicable Date, the above transaction has not been completed.

ESTABLISHMENT AND MAJOR CHANGES OF OUR COMPANY

Our Company was founded by Dr. Fang on October 16, 2014 together with other key members of the management team through Shanghai Zheao, alongside with Hebei Breeze New Energy Vehicle Co., Ltd. (河北微風新能源汽車有限公司) ("**Hebei Breeze**"), Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司) (formerly known as Beijing Sinohytec Limited (北京億華通科技有限公司) (Shanghai Stock Exchange Stock Code: 688339; Hong Kong Stock Exchange Stock Code: 02402) ("**SinoHytec**"), and Yangtze Delta Region Institute of Tsinghua University, Zhejiang (浙江清華長三角研究院) ("**YDR Institute**"), as a limited liability company under the PRC laws with a registered capital of RMB1,000,000,000.

The following table sets forth our shareholding structure upon our establishment:

Name of Shareholders	Registered capital	Percentage of equity interest held
Hebei Breeze	RMB670,000,000	67%
Shanghai Zheao	RMB230,000,000	23%
Beijing Sinohytec Co., Ltd.	RMB50,000,000	5%
YDR Institute	RMB50,000,000	5%
Total	RMB1,000,000,000	100.00%

Since our establishment, our Company has undertaken a series of capital increases to raise funds for the development of its business and to bring in new shareholders to our Company. As a result of such capital increases, the registered capital of our Company was increased to RMB2,837,458,180 as of the Latest Practicable Date.

Below sets out the major shareholding changes and our [**REDACTED**] of our Company before and during the Track Record Period.

Series A Investment — Lhasa Zhixing Investment — Capital Increase/Equity Transfer in October and December 2017

The following table sets forth our shareholding structure immediately before the Series A Investment:

Name of Shareholders	Registered capital	Percentage of equity interest held
Lhasa Zhixing Innovation Technology Co., Ltd. (拉薩知行創新科技有限公司) ("**Lhasa Zhixing**")	RMB130,000,000	30.81%
Zhonghe	RMB103,000,000	24.41%
Shanghai Zheao	RMB40,000,000	9.48%
Guangzhou Hongzuo Investment Co., Ltd. (廣州市鴻祚投資有限公司)	RMB30,000,000	7.11%
Beijing Sinohytec Co., Ltd.	RMB26,916,700	6.38%
Zhejiang Zhehua Investment Co., Ltd. (浙江浙華投資有限公司)	RMB20,000,000	4.74%
Dr. Fang	RMB20,000,000	4.74%

Name of Shareholders	Registered capital	Percentage of equity interest held
Zhehui	RMB15,000,000	3.56%
Henan Zhongye Eco-Technology Co., Ltd. (河南中業環保科技有限公司)	RMB12,500,000	2.96%
Zhang Haixia (張海霞)	RMB12,500,000	2.96%
Jiangyin Xinchanghong Power Technology Co., Ltd. (江陰市新昶虹電力科技股份有限公司) ("Jiangyin Xinchanghong")	RMB12,000,000	2.84%
Total	**RMB421,916,700**	**100.00%**

Pursuant to the shareholders resolutions dated October 31, 2017, our Company's registered capital increased from RMB421,916,700 to RMB625,793,700 as a result of subscriptions from Lhasa Zhixing in the amount of RMB1,250,000,000 to acquire RMB203,877,000 of our registered capital.

In addition, on December 23, 2017, Jiangyin Xinchanghong entered into an equity transfer agreement, pursuant to which Jiangyin Xinchanghong agreed to transfer a 0.96% equity interest in our Company, representing RMB6,000,000 of registered capital of our Company, to Lhasa Zhixing at a consideration of RMB33,000,000 (together with the capital increase in October 2017, the "**Lhasa Zhixing Investment**").

On October 31, 2017 and December 27, 2017, our Company completed the registration of the related capital increase and equity transfer with the Tongxiang Administration for Market Regulation, respectively, and Lhasa Zhixing became interested in approximately 54.31% equity interest in our Company.

Series B Investment — Yichun Acquisition — Equity Transfer in November 2018

On November 11, 2018, the Administrative Committee of Yichun Economic and Technologic Development Zone (宜春經濟技術開發區管理委員會) (the "**Yichun ETD Zone**"), the government body in Yichun, Jiangxi Province which is responsible for the supervision and management of matters and activities in the relevant development zone, entered into a strategic cooperation in the field of NEV with our Company (the "**Yichun Project**").

Pursuant to the investment and cooperation agreement entered into among our Company, Shanghai Zheao, and Yichun ETD Zone dated November 11, 2018 (the "**Yichun Cooperation Agreement**"), Yichun Jinhe acquired approximately 51.31% of the total equity interest in our Company from Lhasa Zhixing, representing RMB321,094,700 of registered capital of our Company, at a consideration of RMB1,420,000,000 determined at arm's length negotiation (the "**Yichun Acquisition**"). Pursuant to the Yichun Cooperation Agreement, it was agreed that Shanghai Zheao shall repurchase part of the equity interests in our Company held by Yichun Jinhe within five years from the date of the Yichun Acquisition (the "**Yichun Repurchase Mechanism**").

On the same date of the equity transfer agreement, (i) Yichun Jinhe; (ii) Yichun Jinyuan Investment Co., Ltd. (宜春市金園投資有限責任公司) ("**Yichun Jinyuan Investment**"), being the direct controlling shareholder of Yichun Jinyuan New Energy Investment Co., Ltd. (宜春金園新能源投資有限公司) ("**Yichun New Energy Investment**"), the direct shareholder of Yichun Jinhe; (iii) Shanghai Zheao; and (iv) Dr. Fang, entered into the Yichun AIC Agreement, pursuant to which Yichun Jinhe and Yichun Jinyuan Investment agreed that upon becoming a shareholder of our Company, save for certain reserved matters, Yichun Jinhe and the Directors appointed by Yichun Jinhe shall act in concert with and exercise their voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and board meetings of our Company. For details, see "— AIC Arrangements — AIC Arrangement with Yichun Entities and Yichun Jinyuan Investment" below.

On November 29, 2018, our Company completed the registration of the related equity transfer with the Tongxiang Administration for Market Regulation and Yichun Jinhe became interested in approximately 51.31% equity interest in our Company.

Series B Investment — Yichun Three-step Investments — Capital Increase in August 2019, November 2019, and January 2020

Pursuant to the shareholders resolutions dated August 16, 2019, our Company's registered capital increased from RMB695,326,333 to RMB735,059,266.31 as a result of subscriptions from Yichun Jinhe in the amount of RMB200,000,000 to acquire RMB39,732,933.31 of our registered capital.

Furthermore, pursuant to the shareholders resolutions dated September 28, 2019, our Company's registered capital increased from RMB735,059,266.31 to RMB833,596,940.93 as a result of subscriptions from Yichun Chuangyuan in the amount of RMB496,000,000 to acquire RMB98,537,674.62 of our registered capital.

In addition, pursuant to the shareholders resolutions dated November 26, 2019, our Company's registered capital increased from RMB833,596,940.93 to RMB896,573,640.23 as a result of subscriptions from Yichun No. 1 in the amount of RMB317,000,000 to acquire RMB62,976,699.30 of our registered capital (together with the capital increase in August 2019 and November 2019, the "**Yichun Three-step Investments**").

Each of Yichun Chuangyuan and Yichun No. 1 executed the Yichun AIC Confirmations upon becoming a shareholder of our Company, confirming their acknowledgment of the terms and conditions of the Yichun AIC Agreement and agreeing to be bound by it in the same manner as Yichun Jinhe. For details, see "— AIC Arrangements — AIC Arrangement with Yichun Entities and Yichun Jinyuan Investment" below.

On August 23, 2019, November 7, 2019, and January 6, 2020, our Company completed the registration of the related capital increase of RMB39,732,933.31, RMB98,537,674.62, and RMB62,976,699.30 with the Tongxiang Administration for Market Regulation, respectively, and the Yichun Entities became interested in approximately 58.26% equity interest in our Company.

Series B+ Investment — Nanning Investment — Capital Increase in February 2020

On January 21, 2020, the registered capital of our Company increased from RMB896,573,640.23 to RMB1,393,235,306.66, pursuant to subscriptions from Nanning Minsheng New Energy Industry Investment Partnership (Limited Partnership) (南寧民生新能源產業投資合夥企業(有限合夥)) ("**Nanning Fund**"), in the amount of RMB2,500,000,000 to acquire RMB496,661,666.43 of our registered capital (the "**Nanning Investment**").

On February 28, 2020, our Company completed the registration of the related capital increase with the Tongxiang Administration for Market Regulation and Nanning Fund became interested in approximately 35.65% equity interest in our Company.

Series C Investment — Huading Investment — Capital Increase in March 2021

On January 3, 2021, Beijing Huading New Power Equity Investment Fund (Limited Partnership) (北京華鼎新動力股權投資基金(有限合夥)) ("**Huading Fund**") entered into an investment agreement (the "**Huading Fund Investment Agreement**") with, among others, Dr. Fang and our Company, pursuant to which Huading Fund agreed to invest RMB2,000,000,000 to acquire RMB278,647,061.33 of our registered capital (the "**Huading Investment**"), and the registered capital of our Company increased from RMB1,393,235,306.66 to RMB1,671,882,367.99.

Pursuant to the Huading Fund Investment Agreement, Huading Fund was granted a warrant to subscribe for an additional registered capital in our Company in the amount of not more than RMB2,000,000,000 on the same terms as the Huading Investment prior to our Company's submission of a [**REDACTED**]. Such warrant was terminated as at the Latest Practicable Date.

On March 29, 2021, our Company completed the registration of the related capital increase with the Tongxiang Administration for Market Regulation and Huading Fund became interested in approximately 16.67% equity interest in our Company.

360 Transfer — Equity Transfer in September 2021

On September 14, 2021, Nanning Fund and Chengdu Hongjing Technology Co., Ltd. (成都鴻景科技有限公司) ("**Chengdu Hongjing**") entered into an equity transfer agreement, pursuant to which Nanning Fund transferred its nil-paid 10.6944% equity interest in our Company, representing RMB178,798,200 of nil-paid registered capital of our Company, to Chengdu Hongjing at nil-consideration. (the "**360 Transfer**"). The consideration was nil as Nanning Fund had not fully paid the registered capital at the time of transfer.

On September 17, 2021, our Company completed the registration of the related equity transfer with the Tongxiang Administration for Market Regulation and Chengdu Hongjing became interested in approximately 10.6944% equity interest in our Company.

Capital Increase in October 2021

Pursuant to the shareholders resolutions dated October 8, 2021, our Company's registered capital increased from RMB1,671,882,367.99 to RMB1,759,876,176.83 as a result of subscriptions from Yingtong in the amount of RMB338,709,139.8 to acquire RMB87,993,808.84 of our registered capital. Yingtong is an equity incentive platform established for the purpose of motivating, attracting, and retaining employees of our Group.

On October 21, 2021, our Company completed the registration of the related capital increase with the Tongxiang Administration for Market Regulation and Yingtong became interested in approximately 5.00% equity interest in our Company.

Series D1 Investment, Series D2 Investments, and Yichun Transfers — Equity Transfer/Capital Increase in December 2021

Pursuant to the shareholders resolutions dated December 9, 2021, the registered capital of our Company increased from RMB1,759,876,176.83 to RMB2,264,818,649.54, following the below capital increases:

	Subscriber	Registered capital subscribed for	Percentage of equity interest in our Company subscribed for	Consideration
Series D1 Investment (each investor in this series, a "Series D1 Investor")	Tianjin Qirui Tiancheng Equity Investment Center (Limited Partnership) (天津奇睿天成股權投資中心(有限合夥)) ("**Tianjin Qirui Tiancheng**")	RMB79,994,371.67	3.53%	RMB1,000,000,000
	360 (Beijing) Private Fund Management Co., Ltd. (三六零(北京)私募基金管理有限公司) ("**360 Beijing**")(1)	RMB79,994,371.67	3.53%	RMB1,000,000,000
	Jianyin International Capital Management (Tianjin) Co., Ltd. (建銀國際資本管理(天津)有限公司)	RMB23,998,311.50	1.06%	RMB300,000,000
	Guangzhou Jifu Qiming Venture Capital Partnership (Limited Partnership) (廣州吉富啟明創業投資合夥企業(有限合夥))	RMB15,998,874.33	0.71%	RMB200,000,000
	Yangtze River Delta (Hefei) Digital Economy Equity Investment Fund Partnership (Limited Partnership) (長三角(合肥)數字經濟股權投資基金合夥企業(有限合夥)) ("**Yangtze River Delta**")	RMB15,998,874.33	0.71%	RMB200,000,000
	Hangzhou Fanen Equity Investment Partnership (Limited Partnership) (杭州範恩股權投資合夥企業(有限合夥))	RMB11,999,155.75	0.53%	RMB150,000,000
	Jilin Zhishun New Energy System Co., Ltd. (吉林省智順新能源系統有限公司)	RMB11,999,155.75	0.53%	RMB150,000,000
	Citic Securities Investment Co., Ltd. (中信證券投資有限公司)	RMB7,999,437.17	0.35%	RMB100,000,000

	Subscriber	Registered capital subscribed for	Percentage of equity interest in our Company subscribed for	Consideration
	Shanghai Puke New Energy Private Investment Fund Partnership (Limited Partnership) (上海普科新能私募投資基金合夥企業(有限合夥))	RMB7,999,437.17	0.35%	RMB100,000,000
	Shenwan Hongyuan New Value Balance Fund SPC (申萬宏源新價值平衡基金SPC)	RMB25,776,186.41	1.14%	RMB322,225,000
	Subtotal	**RMB281,758,175.75**	**12.44%**	**RMB3,522,225,000**
Series D2 Investment (each investor in this series, a "Series D2 Investor") . .	Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) ("**Ningbo Meishan**")	RMB31,997,748.67	1.41%	RMB400,000,000
	Gongqingcheng Xuanyaosheng Equity Investment Partnership (Limited Partnership) (共青城烜曜晟股權投資合夥企業(有限合夥))	RMB39,997,185.84	1.77%	RMB500,000,000
	Gongqingcheng Hezhong Qisheng Investment Partnership (Limited Partnership) (共青城合眾啟盛投資合夥企業(有限合夥)) ("**Hezhong Qisheng**")(2)	RMB23,998,311.50	1.06%	RMB300,000,000
	Tibet Ruihua Capital Management Co., Ltd. (西藏瑞華資本管理有限公司) ("**Tibet Ruihua**")(2)	RMB15,998,874.33	0.71%	RMB200,000,000
	Gongqingcheng Muhua No. 2 Equity Investment Partnership (Limited Partnership) (共青城慕華二號股權投資合夥企業(有限合夥))	RMB7,999,437.17	0.35%	RMB100,000,000
	Zibo Zhenwei Jingxing Venture Capital Management Partnership (Limited Partnership) (淄博真為景行創業投資管理合夥企業(有限合夥)) ("**Zibo Zhenwei**")	RMB7,999,437.17	0.35%	RMB100,000,000

Subscriber	Registered capital subscribed for	Percentage of equity interest in our Company subscribed for	Consideration
Beijing Jianxin Environmental Investment Fund (Limited Partnership) (北京建信環境投資基金(有限合夥))	RMB23,998,311.50	1.06%	RMB300,000,000
Liuzhou Huayu Minsheng Modern Manufacturing Investment Fund (Limited Partnership) (柳州華輿民生現代製造投資基金(有限合夥) (former known as "Liuzhou Minsheng Modern Manufacturing Investment Fund (Limited Partnership)") (柳州民生現代製造投資基金(有限合夥)) ("**Liuzhou Minsheng**")	RMB7,359,482.19	0.33%	RMB92,000,000
Xinche Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司)	RMB6,399,549.73	0.28%	RMB80,000,000
Hainan Kaixian Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (海南開弦零碳股權投資基金合夥企業(有限合夥))	RMB41,437,084.53	1.83%	RMB518,000,000
Citic Securities Investment Co., Ltd. (中信證券投資有限公司)	RMB15,998,874.33	0.71%	RMB200,000,000
Subtotal	**RMB223,184,296.96**	**9.86%**	**RMB2,790,000,000**
Total	**RMB504,942,472.71**	**22.30%**	**RMB6,312,225,000**

Notes:

(1) Each of Jiaxing Xinzhu Equity Investment Partnership (Limited Partnership) (嘉興鑫竹股權投資合夥企業(有限合夥)) ("**Jiaxing Xinzhu**") and Shenzhen Jingcheng Open Enterprise Management Center (Limited Partnership) (深圳精誠開闊企業管理中心(有限合夥)) ("**Jingcheng Open Enterprise**") became a Series D1 Investor on September 22, 2022 upon acquiring equity interests from 360 Beijing, and 360 Beijing ceased to be a Series D1 investor on September 22, 2022.

(2) Each of Insight Capital IX Limited (瑞豐資本有限公司) ("**Insight Capital**") and Changzhou Ruiliang Venture Capital Partnership (Limited Partnership) (常州瑞良創業投資合夥企業(有限合夥)) ("**Changzhou Ruiliang**") became a Series D2 investor on September 22, 2022 upon acquiring equity interests from Hezhong Qisheng and Tibet Ruihua, and each of Hezhong Qisheng and Tibet Ruihua ceased to be a Series D2 Investor on September 22, 2022.

Concurrent with the Series D2 Investment, Yichun No. 1 entered into an equity transfer agreement with Ningbo Meishan on October 18, 2021, and Yichun Jinhe entered into a share repurchase agreement with Shanghai Zheao, Yichun Xinhe, Lotus-born, and our Company on December 9, 2021. Pursuant to the respective agreement each of them entered into, Yichun No. 1 and Yichun Jinhe transferred part of their equity interests in our Company (collectively, the "**Yichun Transfers**") at a consideration of approximately RMB350 million and RMB694.0 million, respectively, and were determined pursuant to Yichun Cooperation Agreement entered into among our Company, Shanghai Zheao, and Yichun ETD Zone in 2018. See "— Series B Investment — Yichun Acquisition — Equity Transfer in November 2018." The below table is a brief summary of each of Yichun Transfer:

Date	Transferor	Transferee	Percentage of equity interest transferred
October 18, 2021	Yichun No. 1	Ningbo Meishan	2.375%
December 9, 2021	Yichun Jinhe	Yichun Xinhe	4.5978%
		Lotus-born	3.0652%

Yichun Xinhe and Lotus-born were the entities designated by Shanghai Zheao to purchase part of the equity interests in our Company from Yichun Jinhe pursuant to the Yichun Repurchase Mechanism as set out in the Yichun Cooperation Agreement. See "— Series B Investment — Yichun Acquisition — Equity Transfer in November 2018" for more details.

In addition, each of Yichun Xinhe and Lotus-born entered into an act-in-concert agreement with Shanghai Zheao and Dr. Fang, pursuant to which each of Yichun Xinhe and Lotus-born agreed that upon becoming a shareholder of our Company, each of them shall act in concert with and exercise their voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and Board meetings of our Company. For details, see "— AIC Arrangements — AIC Arrangements with Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong" below.

On December 27, 2021, our Company completed the registration of the related equity transfer and capital increase with the Tongxiang Administration for Market Regulation.

Change of Series D1 Investors and Series D2 Investors — Equity Transfer in September 2022

On June 27, 2022, certain of the Series D1 Investors and Series D2 Investors transferred their equity interests in our Company. The below table is a brief summary of such equity transfers:

Transferor	Transferee	Percentage of equity interest transferred	Consideration
360 Beijing	Jiaxing Xinzhu	2.1192% nil-paid interest[(1)]	nil[(4)]
	Jingcheng Open Enterprise	1.4128% nil-paid interest[(1)]	nil[(4)]
Tibet Ruihua	Changzhou Ruiliang	0.7064%[(2)]	RMB200,000,000
Hezhong Qisheng	Insight Capital	0.6925% nil-paid interest[(3)]	nil[(4)]
	Zibo Zhenwei	0.3671% nil-paid interest[(3)]	nil[(4)]

Notes:

(1) Prior to such equity transfers, 360 Beijing held 3.532% equity interests in our Company, which have not been paid up. Upon such equity transfers, each of Jiaxing Xinzhu and Jingcheng Open Enterprise assumed 360 Beijing's rights and obligations as Series D1 Investors in respect of their equity interests in our Company.

(2) Prior to such equity transfer, Tibet Ruihua held 0.7064% equity interests in our Company. Upon such equity transfer, Changzhou Ruiliang assumed Tibet Ruihua's rights and obligations as a Series D2 Investor in respect of its equity interests in our Company.

(3) Prior to such equity transfers, Hezhong Qisheng held 1.0596% equity interests in our Company, which have not been paid up. Upon such equity transfers, each of Insight Capital and Zibo Zhenwei assumed Hezhong Qisheng's rights and obligations as Series D2 Investors in respect of their equity interests in our Company.

(4) The consideration was nil as the transferor had not fully paid the registered capital at the time of transfer.

In addition, Jiaxing Xinzhu entered into a concert party agreement with Shanghai Zheao and Dr. Fang, pursuant to which Jiaxing Xinzhu agrees that upon becoming a shareholder of our Company, it shall act in concert with and exercise its voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and board meetings of our Company. For details, see "— AIC Arrangements — AIC Arrangements with Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong" below.

On September 22, 2022, our Company completed the registration of the related equity transfer with the Tongxiang Administration for Market Regulation.

Series D3 Investment and Change of Series D1 Investment by Minority Shareholders — Capital Increase/Equity Transfer in September 2022

On February 24, 2022, June 21, 2022, June 24, 2022, and September 29, 2022, Changzhou Hongtu Taiyi Venture Capital Partnership (Limited Partnership) (常州紅土太乙創業投資合夥企業(有限合夥)), Beijing Hongying Enterprise Management Partnership (Limited Partnership) (北京洪盈企業管理合夥企業(有限合夥)), Beijing Jianxin Environmental Investment Fund (Limited Partnership) (北京建信環境投資基金(有限合夥)), Jiaxing Xinsong, Zibo Youbo New Power Equity Investment Partnership (Limited Partnership) (淄博友博新勢力股權投資合夥企業(有限合夥)), Anhui Qianhai Fangzhou Intelligent Vehicle Investment Fund Partnership (Limited Partnership) (安徽前海方舟智能車投資基金合夥企業(有限合夥)), Tianjin Richu Yunkai Enterprise Management Center (Limited Partnership) (天津日初雲開企業管理中心(有限合夥)) ("**Tianjin Richu Yunkai**"), Jiaxing Dianxin Equity Investment Partnership (Limited Partnership) (嘉興典芯股權投資合夥企業(有限合夥)), and Zibo Zhenwei (collectively, the "**Series D3 Investors**") entered into investment agreements (as supplemented by several supplemental agreements) with, among others, Dr. Fang and our Company (the "**Series D3 Investment Agreement**"), pursuant to which the Series D3 Investors agreed to invest an aggregate of approximately RMB1,877,404,500 for the subscription of a total of RMB150,181,793.35 our registered capital in our Company (the "**Series D3 Investment**").

On September 29, 2022, Jiaxing Xinzhu and Jingcheng Open Enterprise transferred part of their nil-paid equity interests in our Company, respectively. The below table is a brief summary of such equity transfers (collectively, the "**Change of Series D1 Investment by Minority Shareholders**"):

Transferor	Transferee	Percentage of equity interest transferred	Consideration
Jingcheng Open Enterprise	Jiaxing Xinzhu	0.6253% nil-paid interest(1)	nil(3)
Jiaxing Xinzhu	Jiaxing Xinsong	0.7952% nil-paid interest(2)	nil(3)

Notes:

(1) Prior to such equity transfer, Jingcheng Open Enterprise held 0.6253% equity interests in our Company, which have not been paid up. Upon such equity transfer, Jiaxing Xinzhu assumed Jingcheng Open Enterprise's rights and obligations as Series D1 Investors in respect of its equity interests in our Company.

(2) Prior to such equity transfer, Jiaxing Xinzhu held 0.7952% equity interests in our Company, which have not been paid up. Upon such equity transfer, Jiaxing Xinsong assumed Jiaxing Xinzhu's rights and obligations as Series D1 Investors in respect of its equity interests in our Company.

(3) The consideration was nil as the transferor had not fully paid the registered capital at the time of transfer.

In addition, Jiaxing Xinsong entered into a concert party agreement with Shanghai Zheao and Dr. Fang, pursuant to which Jiaxing Xinsong agrees that upon becoming a shareholder of our Company, it shall act in concert with and exercise its voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and board meetings of our Company. For details, see "— AIC Arrangements — AIC Arrangements with Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong" below.

On September 30, 2022, our Company completed the registration of the related capital increase and equity transfer with the Tongxiang Administration for Market Regulation.

Change of Series D1 Investors and Series D3 Investors — Equity Transfer/Change of Name in January 2023

On December 23, 2022, certain of the Series D1 Investors and Series D3 Investors transferred their equity interests in our Company. The below table is a brief summary of such equity transfers:

Transferor	Transferee	Percentage of equity interest transferred	Consideration
Tianjin Qirui Tiancheng	Beijing Hongjin Yuantu Technology Partnership (Limited Partnership) (北京鴻金遠圖科技合夥企業(有限合夥)) ("**Beijing Hongjin Yuantu**")	3.3124%(1)	RMB1,000,000,000
Tianjin Richu Yunkai	Tongxiang Runhe Equity Investment Co., Ltd. (桐鄉市潤合股權投資有限公司) ("**Tongxiang Runhe**")	0.5267%(2)	RMB169,702,378.08
	Jingcheng Open Enterprise	0.1424%(2)	RMB43,000,000

Notes:

(1) Prior to such equity transfer, Tianjin Qirui Tiancheng held 3.3124% equity interests in our Company. Upon such equity transfer, Beijing Hongjin Yuantu assumed Tianjin Qirui Tiancheng's rights and obligations as a Series D1 Investor in respect of its equity interests in our Company.

(2) Prior to such equity transfers, Tianjin Richu Yunkai held 0.6691% equity interests in our Company. Upon such equity transfers, each of Tongxiang Runhe and Jingcheng Open Enterprise assumed Tianjin Richu Yunkai's rights and obligations as Series D3 Investors in respect of their equity interests in our Company.

In addition, our Series D1 Investor Guangzhou Jifu Qiming Venture Capital Partnership (Limited Partnership) (廣州吉富啟明創業投資合夥企業(有限合夥)) was renamed as Guangzhou Jifu Qi'an Investment Partnership (Limited Partnership) (廣州吉富啟安投資合夥企業(有限合夥)), which has been registered with the Guangzhou Administration for Market Regulation (廣州市市場監督管理局) on November 23, 2022. Upon such name change, Guangzhou Jifu Qi'an Investment Partnership (Limited Partnership) (廣州吉富啟安投資合夥企業(有限合夥)) assumed the rights and obligations of Guangzhou Jifu Qiming Venture Capital Partnership (Limited Partnership) (廣州吉富啟明創業投資合夥企業(有限合夥)) as a Series D1 Investor in respect of its equity interests in our Company.

On January 10, 2023, our Company completed the registration of the related equity transfer and change of name with the Tongxiang Administration for Market Regulation.

Conversion into Joint Stock Limited Company

Pursuant to the respective shareholders' resolutions dated January 10, 2023 and January 13, 2023, the then existing shareholders of our Company approved the conversion of our Company into a joint stock limited company with 2,415,000,443 Shares of a nominal value of RMB1.0 each. In accordance with the financial statements of our Company as of October 31, 2022 prepared under PRC GAAP, which was audited by PricewaterhouseCoopers Zhong Tian LLP under PRC auditing standards, the audited net assets of our Company as of October 31, 2022 was RMB7,081,969,425.85, which were converted at a rate of 2.9325:1 to 2,415,000,443 Shares of RMB1.0 each and issued to the then shareholders of our Company in proportion to their capital contribution to our Company. The remaining amount of RMB4,666,968,982.85 was converted to capital reserve. Upon the completion of registration with the Jiaxing Administration for Market Regulation (嘉興市市場監督管理局) on February 2, 2023, our Company was converted into a joint stock limited company, and renamed as "Hozon New Energy Automobile Co., Ltd (合眾新能源汽車股份有限公司)."

Series Crossover Investment — Capital Increase in February 2023, March 2023, March 2024 and June 2024

On December 9, 2022, December 19, 2022, December 29, 2022, and January 19, 2023, our Company entered into the capital contribution agreements with each of Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) ("**Fengtai Zhoulai Guxin New Energy**"), Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) ("**Tongcheng Tonghe New Energy**"), Tongxiang City Development Group Co., Ltd. (桐鄉市城市發展集團有限公司), and Tongxiang Runhe, (each, a "**Series Crossover Agreement**"), respectively. Pursuant to the shareholders resolutions dated February 18, 2023, the registered capital of our Company increased from RMB2,415,000,443 to RMB2,627,167,373, following the below capital increases pursuant to the Series Crossover Agreements:

Subscriber	Share Capital Subscribed For	Percentage of equity interest subscribed for	Consideration
Fengtai Zhoulai Guxin New Energy	36,906,161 Shares	1.40%	RMB596,000,000
Tongcheng Tonghe New Energy	61,923,088 Shares	2.36%	RMB1,000,000,000
Tongxiang City Development Group Co., Ltd.	18,576,926 Shares	0.71%	RMB300,000,000
Tongxiang Runhe	94,760,755 Shares	3.61%	RMB1,530,297,621.92
Total	**212,166,930 Shares**	**8.08%**	**RMB3,426,297,621.92**

On February 28, 2023, our Company completed the registration of the related capital increase with the Jiaxing Administration for Market Regulation.

In addition, pursuant to the shareholders resolutions dated March 15, 2023, the registered capital of our Company increased from RMB2,627,167,373 to RMB2,664,073,533, with Fengtai Zhoulai Guxin New Energy subscribing for additional 36,906,160 Shares pursuant to the Series Crossover Agreement. On March 10, 2023, Fengtai Zhoulai Guxin New Energy paid the consideration of RMB596,000,000 to our Company.

On March 21, 2023, our Company completed the registration of the related capital increase with the Jiaxing Administration for Market Regulation and Fengtai Zhoulai Guxin New Energy became interested in approximately 2.77% equity interest in our Company.

On September 26, 2023, our Company entered into the capital contribution agreements with Fengyang County New Energy Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鳳陽縣新能發展股權投資基金合夥企業(有限合夥)) ("**Fengyang New Energy**"), pursuant to which Fengyang New Energy agreed to subscribe for 99,076,941 Shares at the consideration of RMB1,600,000,000.

Pursuant to the shareholders resolutions dated October 23, 2023, the registered capital of our Company increased from RMB2,664,073,533 to RMB2,763,150,474, with Fengyang New Energy subscribing for 99,076,941 Shares at the consideration of RMB1,600,000,000.

On March 15, 2024, our Company completed the registration of the related capital increase with the Jiaxing Administration for Market Regulation (嘉興市市場監督管理局) and Fengyang New Energy became interested in approximately 3.59% equity interest in our Company.

On June 7, 2024, our Company entered into the capital contribution agreements with Ningbo Meishan pursuant to which Ningbo Meishan agreed to subscribe for 12,384,618 Shares at the consideration of RMB200 million and on June 14, 2024, our Company entered into the capital contribution agreements with Tongxiang STE pursuant to which Tongxiang STE agreed to subscribe for 61,923,088 Shares at the consideration of RMB1,000,000,000.

Pursuant to the shareholders resolutions dated June 11, 2024, the registered capital of our Company increased from RMB2,763,150,474 to RMB2,837,458,180, with Ningbo Meishan subscribing for 12,384,618 Shares and Tongxiang STE subscribing for 61,923,088 Shares.

On June 14, 2024, our Company completed the registration of the related capital increase with the Jiaxing Administration for Market Regulation and Ningbo Meishan and Tongxiang STE became interested in approximately 3.04% and 2.18% equity interest in our Company respectively.

Tongxiang Convertible Bonds — Issuance of convertible bonds to Tongxiang STE in April 2024

In April 2024, our Company entered into a convertible bonds agreement (as supplemented by one supplemental agreement and one confirmation letter) (together, the "**Tongxiang Convertible Bonds Agreements**"), pursuant to which our Company issued convertible bonds to Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) ("**Tongxiang STE**") for a total principal amount of RMB940 million, which has been fully settled within the same month, for a period of three years from the date on which the principal amount is fully paid by Tongxiang STE. Under the terms and conditions of the Tongxiang Convertible Bonds Agreements, Tongxiang STE may elect to convert all or part of the convertible bonds (representing all or part of the principal amount and/or the accrued interests) into H Shares upon [**REDACTED**] at an initial conversion price of RMB16.15 per share.

In accordance with the terms of the convertible bonds, our Company has pledged some of its buildings and land use rights, machinery equipment, accounts receivable and intellectual property in favour of Tongxiang STE as security for the convertible bonds the Company issued to Tongxiang STE.

Nanning Convertible Bonds — Issuance of convertible bonds to Nanning Lianrong in June 2024

On 3 June, 2024, our Company entered into a convertible bonds agreement, pursuant to which our Company issued convertible bonds to Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) (南寧鏈融天厚創業投資合夥企業(有限合夥)) ("**Nanning Lianrong**") for a total principal amount of RMB120 million for a period of three years from the date on which the principal amount is fully paid by Nanning Lianrong (the "**Nanning Convertible Bonds Agreement**"). Under the terms and conditions of the Nanning Convertible Bonds Agreement, Nanning Lianrong may elect to convert all or part of the convertible bonds (representing all or part of the principal amount and/or the accrued interests) into H Shares upon [**REDACTED**] at an initial conversion price of RMB16.15 per share.

MAJOR ACQUISITIONS, DISPOSALS, AND MERGERS

We have not conducted any acquisitions, disposals, or mergers that we consider to be material to us since our inception.

AIC ARRANGEMENTS

AIC Arrangement with Yichun Entities and Yichun Jinyuan Investment

On November 11, 2018, Yichun Jinhe and Yichun Jinyuan Investment entered into a concert party agreement with Dr. Fang and Shanghai Zheao. In 2022, each of Yichun Chuangyuan and Yichun No. 1 executed an act-in-concert confirmation in favour of Dr. Fang and Shanghai Zheao, respectively. On April 25, 2023, each of Yichun Entities executed a confirmation letter regarding the act-in-concert agreement to further undertake on their act-in-concert obligations under Yichun AIC Agreement or Yichun AIC Confirmations, as applicable (collectively, the "**Yichun Supplemental AIC Confirmations**").

Pursuant to the Yichun AIC Agreement, the Yichun AIC Confirmations, and the Yichun Supplemental AIC Confirmations (collectively, the "**Yichun AIC Arrangements**"), Yichun Entities and Yichun Jinyuan Investment on the one hand, and Shanghai Zheao and Dr. Fang on the other, agreed that, during the term of the relevant arrangements:

(i) Yichun Entities, shall, and the Directors appointed by Yichun Entities shall also, vote in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both the shareholders' meetings and Board meetings of our Company in respect of the handling and decision-making in relation to the production and operation of our Company, its development strategy, organizational structure, composition of management team, financial management, and execution of material contracts (such as procurement, sales, investment, acquisition and disposal of assets, and financing or guarantee agreements);

(ii) in the event that Yichun Entities and the Directors appointed by Yichun Entities propose to put forward any resolutions or exercise their voting rights in respect of any material matters in relation to the operation and development of our Company (at both the shareholders' meetings and Board meetings of our Company), Yichun Entities and the Directors appointed by Yichun Entities shall fully communicate with Dr. Fang prior to proposing any such resolutions, and shall vote in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao);

(iii) pursuant to the Yichun Supplemental AIC Confirmations, Yichun Entities shall appoint its voting proxy, as well as one shareholder or Director present at the shareholders' meeting of our Company as the substitute voting proxy in the absence of its originally appointed voting proxy due to force majeure, to vote at each shareholders' meeting of our Company in the manner as stated in paragraphs (i) and (ii) above in accordance with the Yichun AIC Agreement or the Yichun AIC Confirmations, as applicable; and

(iv) pursuant to the Yichun Supplemental AIC Confirmations, any Director appointed by Yichun Entities (if any) shall attend each Board meeting and vote in the manner as stated in paragraphs (i) and (ii) above in accordance with the Yichun AIC Agreement or the Yichun AIC Confirmations, as applicable. In the event that Yichun Entities appoint more than one Director to the Board, any Director appointed thereby who is absent from the Board meeting due to force majeure shall appoint any of other Directors appointed by Yichun Entities to vote in the same manner as such absent Director would have done. If none of the Director appointed by Yichun Entities are able to attend the Board meeting due to force majeure, the chairman of the Board meeting shall become the voting proxy of such absent Directors and vote in the same manner as such absent Directors would have done.

Pursuant to the Yichun AIC Arrangements, due to the state-owned background of Yichun Entities and to ensure smooth implementation of the Yichun Project, the Yichun Entities were not required to vote in accordance with the instructions of Dr. Fang in relation to, among others, the following reserved matters:

(i) change of operation location of our Company;

(ii) the vehicle production qualification in Yichun city; and

(iii) implementation of the Yichun Project subject to the development strategy and operational necessity of our Company.

With respect to the reserved matters set out above, Shanghai Zheao and Dr. Fang agreed to consult with Yichun Entities and vote in concert with Yichun Entities. Nevertheless, such matters do not affect the daily operations of our Company as a whole and are simply designed to protect Yichun Entities' interest as passive financial investors in our Company and to ensure the Yichun Project is implemented within Yichun City or another city where the Yichun Entities approve. The implementation of the Yichun Project is in line with our Company's overall interest and it is also desirable for our Company to continue the same. Our Company does not currently have any plan to relocate the Yichun Project. Given that the immateriality of the Yichun Project, the reserved matters do not affect the act-in-concert by Yichun Entities with Dr. Fang and Dr. Fang Controlled Entities.

The Yichun AIC Arrangements shall become effective from the date of signing and shall be effective for an indefinite period until Yichun Jinyuan Investment (and its controlling entities) ceased to be a shareholder of our Company.

AIC Arrangements with Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong

On December 9, 2022, December 9, 2022, December 26, 2022, and December 26, 2022, each of Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong entered into an act-in-concert agreement with Dr. Fang and Shanghai Zheao, respectively. On May 4, 2023, each of Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong executed a confirmation letter regarding the act-in-concert agreement to further undertake on their act-in-concert obligations under Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, and the Jiaxing Xinsong AIC Agreement, as applicable.

Pursuant to the Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, the Jiaxing Xinsong AIC Agreement, the Yichun Xinhe Supplemental AIC Confirmations, the Lotus-born Supplemental AIC Confirmations, the Jiaxing Xinzhu Supplemental AIC Confirmations, and the Jiaxing Xinsong Supplemental AIC Confirmations, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong on the one hand, and Shanghai Zheao and Dr. Fang on the other, agreed that, during the term of the relevant agreements:

(i) Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong shall, and the Directors appointed by Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong (if any) shall also, vote in accordance with the instructions of Dr. Fang (and Dr. Fang Controlled Entities) and the Directors appointed by Dr. Fang (and Shanghai Zheao) at both the shareholders' meetings and Board meetings of our Company in respect of the handling and decision-making in relation to the production and operation of our Company, its development strategy, organizational structure, composition of management team, financial management, and execution of material contracts (such as procurement, sales, investment, acquisition and disposal of assets, and financing or guarantee agreements);

(ii) in the event that Dr. Fang, Dr. Fang Controlled Entities and/or the Directors appointed by them propose to put forward any resolutions in respect of any material matters in relation to the operation and development of the Company at the shareholders' meetings and Board meetings of the Company, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong shall vote in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the Directors appointed by Dr. Fang (and Shanghai Zheao);

(iii) Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong shall ensure that when they participate in shareholders' meetings or the Directors appointed by them (if any in the future) participating in Board meetings, they shall fully communicate with Dr. Fang prior to proposing any such resolutions, and shall vote in accordance with the instructions of Dr. Fang;

(iv) pursuant to the Yichun Xinhe Supplemental AIC Confirmations, the Lotus-born Supplemental AIC Confirmations, the Jiaxing Xinzhu Supplemental AIC Confirmations, and the Jiaxing Xinsong Supplemental AIC Confirmations, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong shall appoint its voting proxy, as well as one shareholder or Director present at the shareholders' meeting of our Company as the substitute voting proxy in the absence of its originally appointed voting proxy due to force majeure, to vote at each shareholders' meeting of our Company in the manner as stated in paragraphs (i), (ii) and (iii) above in accordance with the Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, and the Jiaxing Xinsong AIC Agreement, as applicable; and

(v) pursuant to the Yichun Xinhe Supplemental AIC Confirmations, the Lotus-born Supplemental AIC Confirmations, the Jiaxing Xinzhu Supplemental AIC Confirmations, and the Jiaxing Xinsong Supplemental AIC Confirmations, any Director appointed by Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong (if any) shall attend each Board meeting and vote in the manner as stated in paragraphs (i), (ii) and (iii) above in accordance with the Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, and the Jiaxing Xinsong AIC Agreement, as applicable. If any Director appointed by Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, or Jiaxing Xinsong is unable to attend the Board meeting due to force majeure, the chairman of the Board meeting shall become the voting proxy of such absent Director and vote in the same manner as such absent Director would have done.

The Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, and the Jiaxing Xinsong AIC Agreement shall become effective from the date of becoming a shareholder and shall be effective for an indefinite period until Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong ceased to be a shareholder of our Company, respectively. The Yichun Xinhe Supplemental AIC Confirmations, the Lotus-born Supplemental AIC Confirmations, the Jiaxing Xinzhu Supplemental AIC Confirmations, and the Jiaxing Xinsong Supplemental AIC Confirmations shall become effective from the date of signing and shall be effective for the same period as the Yichun Xinhe AIC Agreement, the Lotus-born AIC Agreement, the Jiaxing Xinzhu AIC Agreement, and the Jiaxing Xinsong AIC Agreement, as applicable.

As such, by virtue of the AIC Arrangements with the Relevant Investors, Dr. Fang and the Dr. Fang Controlled Entities are entitled to collectively control the exercise of approximately [**REDACTED**] of the total voting rights of our Company upon the completion of the [**REDACTED**] (assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised).

EMPLOYEE INCENTIVE PLATFORMS

For the purpose of motivating, attracting, and retaining employees of our Group, Zhehui, Youwei, Taohan, and Yingtong have been established as our employee incentive platforms in China.

Zhehui was established in China as a limited partnership on September 18, 2017. As of the Latest Practicable Date, the general partner of Zhehui was Dr. Fang. As of the Latest Practicable Date, the total number of grantees under Zhehui (including its sub-platform) was 75, which included, among others, two Directors (namely, Dr. Fang and Mr. Peng Qingfeng), three Supervisors (namely, Mr. Zhang Honglei, Mr. Yan Hepeng and Mr. Hu Jianguo), and three members of our senior management (namely, Dr. Fang, Mr. Peng Qingfeng and Mr. Lin Weiyi). As of the Latest Practicable Date, 0.53% of the interest of our Company was held by Zhehui.

Youwei was established in China as a limited partnership on June 5, 2019. As of the Latest Practicable Date, the general partners of Youwei were Tibet Zheao and Mr. Zhang Yong. As of the Latest Practicable Date, the total number of grantees under Youwei (including its sub-platform) was 74, which included, among others, one Director (namely, Mr. Zhang Yong), two Supervisors (namely, Mr. Zhang Honglei and Mr. Hu Jianguo), and three members of our senior management (namely, Mr. Zhang Yong, Mr. Zhou Jiang and Mr. Dai Dali). As of the Latest Practicable Date, 1.65% of the interest of our Company was held by Youwei.

Taohan was established in China as a limited partnership on June 5, 2019. As of the Latest Practicable Date, the general partners of Taohan were Tibet Zheao and Mr. Zhang Yong. As of the Latest Practicable Date, the total number of grantees under Taohan (including its sub-platform) was 52, which included, among others, one Director (namely, Mr. Zhang Yong), one Supervisor (namely, Mr. Yan Hepeng), and one member of our senior management (namely, Mr. Zhang Yong). As of the Latest Practicable Date, 0.80% of the interest of our Company was held by Taohan.

Yingtong was established in China as a limited partnership on September 18, 2021. As of the Latest Practicable Date, the general partners of Yingtong were Dr. Fang and Mr. Zhang Yong. As of the Latest Practicable Date, the total number of grantees under Yingtong (including its sub-platforms) was 523, which included, among others, three Directors (namely, Dr. Fang, Mr. Zhang Yong, and Mr. Peng Qingfeng), three Supervisor (namely, Mr. Zhang Honglei, Mr. Yan Hepeng, and Mr. Hu Jianguo), and five members of our senior management (namely, Dr. Fang, Mr. Zhang Yong, Mr. Zhou Jiang, Mr. Peng Qingfeng, and Mr. Lin Weiyi). As of the Latest Practicable Date, 3.10% of the interest of our Company was held by Yingtong.

No further grant of awards will be made under the above employee incentive platforms after [**REDACTED**].

[REDACTED]

Principal terms of the [REDACTED] and [REDACTED] Rights

The below table summarizes the principal terms of the [**REDACTED**] with third-party investors:

Financing	Date of agreements	Date on which investment was fully settled	Approximate amount raised	Cost per share	Discount to the [REDACTED][(1)]
			(RMB million)	(RMB)	
Series A	October 31, 2017	November 1, 2017	1,250	6.13	[**REDACTED**]%
Series B	August 16, 2019, September 28, 2019, and November 26, 2019	November 4, 2020	1,013	5.03	[**REDACTED**]%
Series B+	January 21, 2020	September 9, 2021	2,500	5.03	[**REDACTED**]%
Series C	January 3, 2021	April 6, 2021	2,000	7.18	[**REDACTED**]%
Series D1	October 25, 2021	October 28, 2022	3,522	12.5	[**REDACTED**]%
Series D2	December 8, 2021	October 28, 2022	2,790	12.5	[**REDACTED**]%
Series D3	February 24, 2022, June 21, 2022, June 24, 2022, and September 29, 2022	August 17, 2022	1,887	12.5	[**REDACTED**]%
Series Crossover	December 9, 2022, December 19, 2022, December 29, 2022, January 19, 2023, September 26, 2023, June 7, 2024 and June 14, 2024	March 10, 2023, September 28, 2023 and June 14, 2024	6,822	16.15	[**REDACTED**]%
Tongxiang Convertible Bonds	April 16, 2024, April 17, 2024 and June 22, 2024	April 30, 2024	940	16.15[(2)]	[**REDACTED**]%
Nanning Convertible Bonds	June 3, 2024	June 5, 2024	120	16.15[(2)]	[**REDACTED**]%

Notes:

(1) Assuming the [**REDACTED**] is fixed at [**REDACTED**], being the mid-point of the indicative [**REDACTED**].

(2) As of the Latest Practicable Date, none of the Convertible Bonds have been converted into Shares. The cost per share represent the conversion price of the Convertible Bonds into Shares and the discount to the [**REDACTED**] is calculated based on such conversion price.

(3) As each of Zhehui, Youwei, Taohan and Yingtong is an employee incentive platform of us, our Company's registered share capital subscribed by each of Zhehui, Youwei, Taohan, and Yingtong is not [**REDACTED**] under Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange.

Basis of determining the consideration paid by each [**REDACTED**]	The basis of determination for the consideration for the [**REDACTED**] was arm's length negotiations between us and the [**REDACTED**] after taking into consideration the timing of the investments and the status of our business and operating entities.
Lock-Up Period	Pursuant to the PRC Company Law, the [**REDACTED**] will not be able to transfer the Shares issued to them before the [**REDACTED**] within one year from the [**REDACTED**].
Use of Proceeds from the [**REDACTED**]	We utilized the proceeds for the development and operation of our principal business, including, but not limited to, investments in the construction of factories and product lines, research and development activities, sales network expansion, overseas business expansion, and other day-to-day business operation. As of the Latest Practicable Date, the net proceeds from the [**REDACTED**] by the [**REDACTED**] was [fully] utilized by the Group.
Strategic benefits of the [**REDACTED**] brought to our Company	At the time of the [**REDACTED**], our Directors were of the view that our Company could benefit from the [**REDACTED**] commitment to our Company as their investment demonstrates its confidence in the operations of our Company and serves as an endorsement of our Company's performance, strength, and prospects. Our Company could also benefit from some of the [**REDACTED**] as their investment accelerates the business expansion of our Group through the implementation of the manufacturing facilities.

Special Rights of the [REDACTED]

All of our [**REDACTED**] (except Tongxiang STE and Nanning Lianrong who are holders of convertible bonds only) are currently bound by the terms of the Articles. Pursuant to the currently effective shareholders agreement dated October 31, 2022 (the "**Shareholders Agreement**"), certain of our [**REDACTED**] were granted special rights in relation to our Company, including, among others, rights of first refusal, anti-dilution rights, liquidation preferences and information rights. The special rights as set out in the Shareholders' Agreement were terminated prior to our Company's submission of the [**REDACTED**] to the Stock Exchange. No [**REDACTED**] will enjoy any special rights upon the completion of the [**REDACTED**].

Information on the Principal [REDACTED]

Below is a description of our principal [**REDACTED**], being private equity fund or corporation, which is a party to the AIC Arrangement, holds 2% or more of our total issued share capital or holders of the Convertible Bonds as at the date of this document. Save as disclosed below, to the best knowledge of our company, each of such principal [**REDACTED**] is an Independent Third Party.

Each of the following entities holds 2% or more of our total issued share capital as at the date of this document, and certain of them are a party to the AIC Arrangement as described below.

Founder team

Zhonghe is a limited partnership organized and existing under the PRC laws, the sole general partner of which is Shanghai Zheao, which is controlled by Dr. Fang. Zhonghe has two limited partners, among which Tibet Zheao, which is wholly owned by Shanghai Zheao, owned approximately 77.7% partnership interest of Zhonghe. No other limited partners hold more than one third of the interest in Zhonghe.

Parties to the AIC Arrangements holding 2% or more of our total issued share capital

Yichun Jinhe, one of the Yichun Entities, is a limited liability company organized and existing under the PRC laws and is owned as to approximately 99.9% and 0.1% by Yichun New Energy Investment and Tongxiang Tongzhong Investment Management Co., Ltd. (桐鄉同眾投資管理有限公司), respectively. Yichun New Energy Investment is a limited liability company established under the PRC laws and is owned approximately 70.6% by Yichun Jinyuan Investment, which is a limited liability company organized and existing under the PRC laws and wholly owned by Yichun ETD Finance Bureau (宜春經濟技術開發區財政局). Yichun Jinhe also entered into Yichun AIC Agreements with Dr. Fang, Shanghai Zheao and Yichun Jinyuan Investment on November 11, 2018 and executed one Yichun Supplemental AIC Confirmations on April 25, 2023. See "— AIC Arrangements" for more details.

Yichun Chuangyuan, one of the Yichun Entities, is a limited partnership organized and existing under the PRC laws and is owned as to approximately 40.0%, 29.9980%, 30.0% and 0.0020% by Yichun Jinyuan Investment, Yichun Venture Capital Co., Ltd. (宜春市創業投資有限公司), which is owned as to approximately 60.0% and 40.0% by the State-owned Assets Supervision and Administration Commission ("**SASAC**") of Yichun Municipal Government (宜春市國有資產監督管理委員會), Yichun ETD Finance Bureau, Jiangxi Development and Upgrading Guidance Fund (Limited Partnership) (江西省發展升級引導基金(有限合夥)) and Yichun Caitou Fund Management Co., Ltd. (宜春財投基金管理股份有限公司), respectively. Yichun Chuangyuan executed an act-in-concert confirmation letter, acknowledging the terms and conditions of the Yichun AIC Agreement and agreeing to be bound by it in the same manner as Yichun Jinhe. Furthermore, Yichun Chuangyuan also executed one Yichun Supplemental AIC Confirmations on April 25, 2023. See "— AIC Arrangements" for more details.

Yichun Xinhe is a limited partnership organized and existing under the PRC laws, the sole general partner of which is Haining Hairui Venture Capital Co., Ltd. ("**Haining Hairui**"), which is principally engaged in investment management, asset management and industrial investment and controlled by an Independent Third Party. Yichun Xinhe has 18 limited partners, none of whom holds more than one third partnership interests in Yichun Xinhe. Yichun Xinhe also entered into the Yichun Xinhe AIC Agreement with Dr. Fang and Shanghai Zheao on December 9, 2021 and executed the Yichun Xinhe Supplemental AIC Confirmations on May 4, 2023. See "— AIC Arrangements" for more details.

Minsheng Equity

Nanning Fund is a limited partnership organized and existing under the PRC laws and is principally engaged in equity investments. Minsheng Equity Investment Fund Management Co. Ltd. (民生股權投資基金管理有限公司) ("**Minsheng Equity**"), a limited liability company organized and existing under the PRC laws, acts as the sole general partner of Nanning Fund. Nanning Fund has five limited partners, among which, Nanning Industrial Investment Group Co., Ltd. (南寧產業投資集團有限責任公司), which is wholly owned by Nanning State-owned Assets Supervision and Administration Commission (南寧市人民政府國有資產監督管理委員會), owned approximately 67.75% partnership interest of Nanning Fund. No other limited partners hold more than one third of the partnership interest in Nanning Fund.

Huading Capital

Huading Fund is a limited partnership organized and existing under the PRC laws and is principally engaged in equity investments. Huading Capital (Beijing) Co., Ltd. (華鼎資本(北京)有限公司) ("**Huading Capital**"), a limited liability company established in China, acts as the sole general partner of the Huading Fund. Huading Fund has five limited partners, among which, Sichuan Energy Investment Group Co., Ltd. (四川省能源投資集團有限責任公司) ("**Sichuan Energy**") owned approximately 48.0% partnership interest of Huading Fund. Sichuan Development Holdings Co., Ltd. (四川發展(控股)有限責任公司) ("**Sichuan Development**") and the State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government (四川省政府國有資產監督管理委員會) owned approximately 83.85% equity interest and approximately 16.15% equity interest of Sichuan Energy. The State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government and Sichuan Provincial Finance Department (四川省財政廳) owned approximately 90% equity interest and approximately 10% equity interest of Sichuan Development, respectively. No other limited partners hold more than one third of the partnership interest in Huading Fund.

360 Security

Chengdu Hongjing is a limited liability company organized and existing under the PRC laws and indirectly wholly owned by 360 Security Technology Inc. (三六零安全科技股份有限公司) ("**360 Security**") (Shanghai Stock Exchange Stock Code: 601360), a leading IT company in China principally engaged in research and development of internet security technology and the design, development, and operation of internet security products.

Beijing Hongjin Yuantu is a limited partnership organized and existing under the PRC laws, and is owned as to approximately 99.0% by 360 Smart Technology (Tianjin) Co., Ltd. (三六零智慧科技(天津)有限公司) and approximately 1.0% by Beijing Yuantu Technology Co., Ltd. (北京遠圖科技有限公司), both of which is indirectly wholly owned by 360 Security (Shanghai Stock Exchange Stock Code: 601360), a leading IT company in China principally engaged in research and development of internet security technology and the design, development, and operation of internet security products.

Mr.Cheng Zhizhong

Fengtai Zhoulai Guxin New Energy is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.9% by Anhui Zhoulai Holdings (Group) Co., Ltd. (安徽州來控股(集團)有限公司) ("**Anhui Zhoulai**") and approximately 0.1% by Shanghai Solid Trust Investment Holdings Co., Ltd. (上海固信投資控股有限公司) ("**Shanghai Solid Trust**"), which also acts as the sole general partner of Fengtai Zhoulai Guxin New Energy. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong (程治中). Anhui Zhoulai is wholly owned by the State-owned Assets Supervision and Administration Commission of Fengtai County Government (鳳台縣人民政府國有資產監督管理委員會).

Tongcheng Tonghe New Energy is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.9% by Tongcheng Yitong Industrial Investment Co., Ltd. (桐城市益桐產業投資有限公司) ("**Tongcheng Yitong**") and approximately 0.1% by Shanghai Solid Trust, which also acts as the sole general partner of Tongcheng Tonghe New Energy. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong. Tongcheng Yitong is indirectly wholly owned by the Stated-owned Assets Supervision and Administration Commission of the Tongcheng Municipal Government (桐城市國有資產管理中心).

Yangtze River Delta (Hefei) Digital Economy Equity Investment Fund Partnership (Limited Partnership) (長三角(合肥)數字經濟股權投資基金合夥企業(有限合夥)) ("**Yangtze River Delta**") is a limited partnership organized and existing under the PRC laws. The sole general partner of Yangtze River Delta is Anhui Solid Trust Private Fund Management Co., Ltd. (安徽固信私募基金管理有限公司), which is majority owned by Shanghai Solid Trust. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong. Accordingly, Mr. Cheng Zhizhong is deemed to be interested in the Shares held by each of Fengtai Zhoulai Guxin New Energy, Tongcheng Tonghe New Energy and Yangtze River Delta.

Tongxiang Finance Bureau

Tongxiang Runhe is a limited liability company organized and existing under the PRC laws and is indirectly wholly owned by Tongxiang Finance Bureau.

CATL

Ningbo Meishan is a limited liability company organized and existing under the PRC laws. It is wholly owned by CATL New Energy Technology Co., Ltd. (寧德時代新能源科技股份有限公司) ("**CATL**") (Shenzhen Stock Exchange Stock Code: 300750).

Hefei High Tech

Fengyang New Energy is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.9% by Fengyang Jiaotou Investment Holding Co., Ltd. (鳳陽縣交投投資控股有限公司) ("**Fengyang Jiaotou**") and approximately 0.1% by Hefei High Tech Capital Venture Capital Co., Ltd. (合肥高新資本創業投資有限公司) ("**Hefei High Tech**"). Hefei High Tech, a limited liability company organized and existing under the PRC laws, acts as the sole general partner of Fengyang New Energy. Fengyang Jiaotou, a limited liability company organized and existing under the PRC laws, acts as the sole limited partner of Fengyang New Energy. Fengyang Jiaotou is wholly owned by Fengyang County Financial Bureau (鳳陽縣財政局).

Tongxiang STE

Tongxiang STE is a limited liability company organized and existing under the PRC laws and is owned as to approximately 89.65% by Tongxiang Jinyuan Equity Investment Management Co., Ltd. (桐鄉市金源股權投資管理有限公司) ("**Tongxiang Jinyuan**") and approximately 10.35% by Tongxiang Economic and Technological Development Co., Ltd. (桐鄉市經濟技術開發有限公司) ("**Tongxiang Economic and Technology**"). The State-owned Assets Supervision and Administration Office of Tongxiang Municipal Government (桐鄉市人民政府國有資產監督管理辦公室), Tongxiang Municipal Financial Bureau (桐鄉市財政局) and Department of Finance of Zhejiang Province (浙江省財政廳) owned approximately 63.68%, 26.76%, and 9.56% equity interest of Tongxiang Jinyuan, respectively. Tongxiang Municipal Financial Bureau (桐鄉市財政局) owned 100% equity interest of Tongxiang Economic and Technology.

Nanning Lianrong

Nanning Lianrong is a limited partnership organized and existing under the PRC laws and is owned as to 50% by Nanning Industry Investment Lianrong Financial Technology Co., Ltd (南寧產投鏈融科技有限責任公司) ("**Nanning Industry Investment**"), approximately 49.9983% by Nanning Industrial High-quality Development First-phase Parent Fund Partnership (南寧產業高品質發展一期母基金合夥企業) ("**Naning Industry Fund**") and approximately 0.0017% by Tianhou Private Equity Fund Management (Guangdong) Co., Ltd (天厚私募基金管理(廣東)有限公司) ("**Tianhou PE**") who also acts as the sole general partner of Nanning Lianrong. Tianhou PE is a limited liability company organized and existing under the PRC laws and is owned as to 40% by Nanning Industrial Investment Science and Technology Innovation Investment Co., Ltd (南寧產投科技創新投資有限責任公司) ("**Nanning STI**"), approximately 39.96% by Miying (Guangdong) Enterprise Management Consulting Partnership (Limited Partnership) (米盈(廣東)企業管理諮詢合夥企業(有限合夥)) ("**Miying Guangdong**") and approximately 20.04% by Zhong Jun (鐘軍), who also acts as the general partner of Miying Guangdong. Both Nanning Industry Investment and Nanning STI are limited liability company organized and existing under the PRC laws and wholly owned by State-owned Assets Supervision and Administration Commission of Nanning Municipal People's Government (南寧市人民政府國有資產監督管理委員會). Naning Industry Fund is a limited partnership organized and existing under the PRC laws and wholly owned by Nanning Municipal People's Government (南寧市人民政府國有資產監督管理委員會).

In addition, each of the following entities holds less than 2%, or not at all, of our issued share capital as at the date of this document but each of them is a party to the AIC Arrangement.

Parties to the AIC Arrangements holding less than 2% or nil of our total issued share capital

Yichun No. 1, one of the Yichun Entities, is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.98% by Yichun Venture Investment Co., Ltd. (宜春市創業投資有限公司), and approximately 0.02% by Yichun Chuangrong Private Equity Fund Management Co., Ltd. (宜春市創融私募股權基金管理有限公司). Yichun Venture Investment Co., Ltd. is a limited liability company organized and existing under the PRC laws and is owned as to approximately 60.0% and 40.0% by Yichun SASAC and Yichun ETD Finance Bureau. Yichun Chuangrong Private Equity Fund Management Co., Ltd. is a wholly-owned subsidiary of Yichun Venture Investment Co., Ltd.. Yichun No. 1 executed an act-in-concert confirmation letter, acknowledging the terms and conditions of the Yichun AIC Agreement and agreeing to be bound by it in the same manner as Yichun Jinhe. Furthermore, Yichun No. 1 also executed one Yichun Supplemental AIC Confirmations on April 25, 2023. See "— AIC Arrangements" for more details.

Jiaxing Xinsong is a limited partnership organized and existing under the PRC laws, the sole general partner of which is Haining Hairui, which is principally engaged in investment management, asset management and industrial investment and controlled by an Independent Third Party. Save for Jinhong Luo, Haoersai Technology Group Corp., Ltd. (Shenzhen Stock Exchange Stock Code: 002963), Guangdong Yingfeng Jinghe Equity Investment (Limited Partnership) (廣東盈峰京禾股權投資合夥企業(有限合夥)) and Shanghai Tinzhou Enterprise Management Partnership (上海廷洲企業管理合夥企業(有限合夥)), no other limited partners hold more than 10% of the interest in Jiaxing Xinsong. Jiaxing Xinsong entered into the Jiaxing Xinsong AIC Agreement with Shanghai Zheao and Dr. Fang on December 26, 2022 and executed the Jiaxing Xinsong Supplemental AIC Confirmations on May 4, 2023. See "— AIC Arrangements" for more details.

Jiaxing Xinzhu is a limited partnership organized and existing under the PRC laws and entered into the Jiaxing Xinzhu AIC Agreement with Dr. Fang and Shanghai Zheao on December 26, 2022 and executed the Jiaxing Xinzhu Supplemental AIC Confirmations on May 4, 2023. See "— AIC Arrangements" for more details. The sole general partner of Jiaxing Xinzhu is Haining Hairui, which is principally engaged in investment management, asset management and industrial investment and controlled by an Independent Third Party. Jiaxing Xinzhu has 13 limited partners, and save for Huzhou Hongtian Equity Investment Partnership (Limited Partnership) (湖州泓添股權投資合夥企業(有限合夥)), which held approximately 60.6% interest in Jiaxing Xinzhu, none of such 13 limited partners holds more than one third of the partnership interests in Jiaxing Xinzhu.

Lotus-born is a limited liability company organized and existing under the Hong Kong laws. Lotus-born entered into the Lotus-born AIC Agreement with Dr. Fang and Shanghai Zheao on December 9, 2021 and executed the Lotus-born Supplemental AIC Confirmations on May 4, 2023. See "— AIC Arrangements" for more details.

Shanghai Zheao is a limited liability company organized and existing under the PRC laws and is owned 58.4% by Dr. Fang. Shanghai Zheao entered into each act-in-concert agreement under the AIC Arrangements. See "— AIC Arrangements" for more details.

Yichun Jinyuan Investment is a limited liability company organized and existing under the PRC laws and entered into the Yichun AIC Agreement dated November 11, 2018 with Dr. Fang, Shanghai Zheao and Yichun Jinhe. See "— AIC Arrangements" for more details. Yichun Jinyuan Investment is wholly owned by Yichun ETD Finance Bureau.

Compliance with the Guide for New Listing Applicants

On the basis that the consideration for the [**REDACTED**] was settled more than 120 clear days prior to the [**REDACTED**] and based on the documents provided by the Company in relation to the [**REDACTED**], the Joint Sponsors have confirmed that the [**REDACTED**] are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange.

[**REDACTED**]

Each member of our Controlling Shareholder Group is a controlling shareholder of our Company and therefore a core connected person of our Company. Please see the section headed "Relationship with our Controlling Shareholder Group — Our Controlling Shareholder" for further details. Minsheng Equity will be our substantial shareholder immediately following the completion of the [**REDACTED**] (assuming that none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised) and therefore a core connected person of our Company. Please see the section headed "Substantial Shareholders" for further details. Accordingly, an aggregate of [1,236,119,666] Shares controlled by our Controlling Shareholder Group and Minsheng Equity, representing approximately [**REDACTED**]% of our Shares in issue immediately following the completion of the [**REDACTED**] will not be counted towards the [**REDACTED**] according to Rule 8.08 of the Listing Rules.

In addition, 356,569,024 [**REDACTED**] Shares held by Huading Capital Changzhou Ruiliang Venture Capital Partnership (Limited Partnership) (常州瑞良創業投資合夥企業(有限合夥)) and Tongxiang STE, representing 12.57% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming none of the Convertible Bonds are converted to H Shares and the [**REDACTED**] is not exercised), will not be considered as part of the [**REDACTED**] as the [**REDACTED**] Shares they hold will not be converted into H Shares and listed on the [**REDACTED**] upon [**REDACTED**]. Save for the above, all Unlisted Shares will be converted into H Shares upon Listing.

To the best knowledge of the Directors and after due enquiries, (i) 1,244,769,491 Shares, representing 43.87% of our total issued share capital as of the Latest Practicable Date, (ii) approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming none of the Convertible Bonds are converted to H Shares and the [**REDACTED**] is not exercised), or (iii) approximately [**REDACTED**]% of our total issued H Shares upon [**REDACTED**] (assuming none of the Convertible Bonds are converted to H Shares and the [**REDACTED**] is not exercised), held by the remaining Shareholders other than the above-mentioned Shareholders will be counted towards to the [**REDACTED**] of our Company according to Rule 8.08 of the Listing Rules upon the [**REDACTED**].

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers.

CAPITALIZATION

The following table sets out our shareholding structure on the date of this document and immediately upon the completion of the [**REDACTED**], assuming that (i) the [**REDACTED**] becomes unconditional and the [**REDACTED**] are issued pursuant to the [**REDACTED**], (ii) none of the Convertible Bonds are converted into H Shares and (iii) the [**REDACTED**] is not exercised.

Shareholders	Number of Shares as of the date of this document	Aggregate ownership percentage as of the date of this document (%)	Aggregate ownership percentage upon the completion of the [REDACTED] (%)
Dr. Fang and Dr. Fang Controlled Entities[1]	**335,526,442**	**11.82**	[REDACTED]
Dr. Fang[2]	20,000,000	0.70	[REDACTED]
Zhonghe	103,000,000	3.63	[REDACTED]
Yingtong	87,993,809	3.10	[REDACTED]
Youwei	46,916,316	1.65	[REDACTED]
Shanghai Zheao[2]	40,000,000	1.41	[REDACTED]
Taohan	22,616,316	0.80	[REDACTED]
Zhehui	15,000,000	0.53	[REDACTED]
Relevant Investors Under AIC Arrangements	**575,370,276**	**20.28**	[REDACTED]
Yichun Entities[2][3]	345,685,174	12.18	[REDACTED]
Yichun Xinhe[2]	80,915,864	2.85	[REDACTED]
Lotus-born[2]	53,943,910	1.90	[REDACTED]
Jiaxing Xinsong[2]	50,676,434	1.79	[REDACTED]
Jiaxing Xinzhu[2]	44,148,894	1.56	[REDACTED]
Minsheng Equity[4]	**325,222,949**	**11.46**	[REDACTED]
Nanning Fund	317,863,467	11.20	[REDACTED]
Liuzhou Minsheng	7,359,482	0.26	[REDACTED]
Huading Capital[5]	**278,647,061**	**9.82**	[REDACTED]
Huading Fund	278,647,061	9.82	[REDACTED]
360 Security[6]	**258,792,572**	**9.12**	[REDACTED]
Chengdu Hongjing	178,798,200	6.30	[REDACTED]
Beijing Hongjin Yuantu	79,994,372	2.82	[REDACTED]
Mr. Cheng Zhizhong[7]	**151,734,284**	**5.35**	[REDACTED]
Fengtai Zhoulai Guxin New Energy	73,812,321	2.60	[REDACTED]
Tongcheng Tonghe New Energy	61,923,088	2.18	[REDACTED]
Yangtze River Delta	15,998,874	0.56	[REDACTED]
Tongxiang Finance Bureau[8]	**126,056,786**	**4.44**	[REDACTED]
Tongxiang Runhe	107,479,860	3.79	[REDACTED]
Tongxiang City Development Group Co., Ltd.	18,576,926	0.65	[REDACTED]
Hefei High Tech[9]	**99,076,941**	**3.49**	[REDACTED]
Fengyang New Energy	99,076,941	3.49	[REDACTED]

Shareholders	Number of Shares as of the date of this document	Aggregate ownership percentage as of the date of this document (%)	Aggregate ownership percentage upon the completion of the [REDACTED] (%)
CATL New Energy Technology Co., Ltd.[10]	**86,179,426**	**3.04**	**[REDACTED]**
Ningbo Meishan	86,179,426	3.04	**[REDACTED]**
Tongxiang STE[11]	**61,923,088**	**2.18**	**[REDACTED]**
Nanning Lianrong[12]	–	–	–
Other [REDACTED] shareholders, each holding less than 2%[13]	**538,928,356**	**18.99**	**[REDACTED]**
Public shareholders	**–**	**–**	**[REDACTED]**
Total	**2,837,458,180**	**100.00%**[14]	**100.00%**[14]

Notes:

(1) Such Shares were directly held by Dr. Fang and through Zhonghe, Yingtong, Youwei, Shanghai Zheao, Taohan, and Zhehui. See "— Information on the Principal [**REDACTED**] — Founder team" and the section headed "Substantial Shareholders" for more details.

Each of Zhehui, Youwei, Taohan, and Yingtong is an employee incentive platform of us and is deemed to be controlled by Dr. Fang. See "— Employee Incentive Platforms" and the section headed "Relationship with our Controlling Shareholder Group" for more details.

(2) Each of Dr. Fang, Yichun Entities, Shanghai Zheao, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong is a party to the AIC Arrangements. See "— AIC Arrangements — AIC Arrangement with Yichun Entities and Yichun Jinyuan Investment," "— AIC Arrangements — AIC Arrangements with Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, and Jiaxing Xinsong," and the section headed "Substantial Shareholders" for more details.

(3) Such Shares were held through Yichun Jinhe, Yichun Chuangyuan, and Yichun No. 1 as to 225,967,859 Shares, 98,537,675 Shares, and 21,179,640 Shares, representing 7.96%, 3.47%, and 0.75% of the aggregate ownership percentage of our Company, respectively.

(4) Such Shares were held indirectly through Nanning Fund and Liuzhou Minsheng. Minsheng Equity is the sole general partner of Nanning Fund and one of two general partners of Liuzhou Minsheng. See "— Information on the Principal [**REDACTED**] — Minsheng Equity" and the section headed "Substantial Shareholders" for more details.

(5) Huading Capital is the sole general partner of Huading Fund. See "— Information on the Principal [**REDACTED**] — Huading Capital" and the section headed "Substantial Shareholders" for more details.

(6) Such Shares were held indirectly through Chengdu Hongjing and Beijing Hongjin Yuantu, both of which are indirectly wholly owned by 360 Security (Shanghai Stock Exchange Stock Code: 601360). See "— Information on the Principal [**REDACTED**] — 360 Security" and the section headed "Substantial Shareholders" for more details.

(7) Such Shares were held indirectly through Fengtai Zhoulai Guxin New Energy, Tongcheng Tonghe New Energy and Yangtze River Delta. See "— Information on the Principal [**REDACTED**] — Mr. Cheng Zhizhong" and the section headed "Substantial Shareholders" for more details.

(8) Such Shares were held by Tongxiang Runhe and Tongxiang City Development Group Co., Ltd., both of which are indirectly wholly owned by Tongxiang Finance Bureau. See "— Information on the Principal [**REDACTED**] — Tongxiang Finance Bureau" for more details.

(9) Hefei High Tech is the sole general partner of Fengyang New Energy. See "— Information on the Principal [**REDACTED**] — Hefei High Tech" for more details.

(10) Such Shares were held indirectly through Ningbo Meishan, which is wholly owned by CATL New Energy Technology Co., Ltd. (Shenzhen Stock Exchange Stock Code: 300750). See "— Information on the Principal [**REDACTED**] — CATL" for more details.

(11) Such Shares were held by Tongxiang STE. See "— Information on the Principal [**REDACTED**] — Tongxiang STE" for more details. The Company has also issued the convertible bonds to Tongxiang STE. See "— Tongxiang Convertible Bonds — Issuance of convertible bonds to Tongxiang STE in April 2024" for more details. As of the Latest Practicable Date, the convertible bonds issued to Tongxiang STE has not been converted into Shares of the Company.

(12) The Company has issued the convertible bonds to Nanning Lianrong. See "— Nanning Lianrong Convertible Bonds — Issuance of convertible bonds to Nanning Lianrong in June 2024" for more details. As of the Latest Practicable Date, the convertible bonds issued to Nanning Lianrong has not been converted into Shares of the Company.

(13) Such other Shareholders include:

Lhasa Zhixing Innovation Technology Co., Ltd. (拉薩知行創新科技有限公司), which directly holds 18,782,300 Shares, representing 0.66% of the aggregate ownership percentage of our Company;

Hongli Zhihui Group Co., Ltd. (鴻利智匯集團股份有限公司), which directly holds 30,000,000 Shares, representing 1.06% of the aggregate ownership percentage of our Company;

Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司), which directly holds 26,916,700 Shares, representing 0.95% of the aggregate ownership percentage of our Company;

Zhejiang Zhehua Investment Co., Ltd. (浙江浙華投資有限公司), which directly holds 20,000,000 Shares, representing 0.70% of the aggregate ownership percentage of our Company;

Henan Zhong Ye Environmental Protection Technology Co., Ltd. (河南中業環保科技有限公司), which directly holds 12,500,000 Shares, representing 0.44% of the aggregate ownership percentage of our Company;

Zhang Haixia (張海霞), who directly holds 12,500,000 Shares, representing 0.44% of the aggregate ownership percentage of our Company;

Jiangyin Xinchanghong Electric Technology Co., Ltd (江陰市新昶虹電力科技股份有限公司), which directly holds 6,000,000 Shares, representing 0.21% of the aggregate ownership percentage of our Company;

Guangzhou Jifu Qi'an Investment Partnership (Limited Partnership) (廣州吉富啟安投資合夥企業(有限合夥)) (formerly known as "Guangzhou Jifu Qiming Venture Capital Partnership (Limited Partnership)") (廣州吉富啟明創業投資合夥企業(有限合夥)), which directly holds 15,998,874 Shares, representing 0.56% of the aggregate ownership percentage of our Company;

Citic Securities Investment Co., Ltd. (中信證券投資有限公司), which directly holds 23,998,312 Shares, representing 0.85% of the aggregate ownership percentage of our Company;

Jianyin International Capital Management (Tianjin) Co., Ltd. (建銀國際資本管理(天津)有限公司), which directly holds 23,998,312 Shares, representing 0.85% of the aggregate ownership percentage of our Company;

Hangzhou Fanen Equity Investment Partnership (Limited Partnership) (杭州範恩股權投資合夥企業(有限合夥)), which directly holds 11,999,156 Shares, representing 0.42% of the aggregate ownership percentage of our Company;

Jilin Zhishun New Energy System Co., Ltd. (吉林省智順新能源系統有限公司), which directly holds 11,999,156 Shares, representing 0.42% of the aggregate ownership percentage of our Company;

Shenwan Hongyuan New Value Balance Fund SPC (申萬宏源新價值平衡基金), which directly holds 25,776,186 Shares, representing 0.91% of the aggregate ownership percentage of our Company;

Shanghai Puke Xinneng Private Investment Fund Partnership (Limited Partnership) (上海普科新能私募投資基金合夥企業(有限合夥)), which directly holds 7,999,437 Shares, representing 0.28% of the aggregate ownership percentage of our Company;

Gongqingcheng Muhua No. 2 Equity Investment Partnership (Limited Partnership) (共青城慕華二號股權投資合夥企業(有限合夥)), which directly holds 7,999,437 Shares, representing 0.28% of the aggregate ownership percentage of our Company;

Gongqingcheng Xuanyaosheng Equity Investment Partnership (Limited Partnership) (共青城烜曜晟股權投資合夥企業(有限合夥)), which directly holds 39,997,186 Shares, representing 1.41% of the aggregate ownership percentage of our Company;

Zibo Zhenwei Jingxing Venture Capital Management Partnership (Limited Partnership) (淄博真為景行創業投資管理合夥企業(有限合夥)), which directly holds 16,878,812 Shares, representing 0.59% of the aggregate ownership percentage of our Company;

Beijing Jianxin Environmental Investment Fund Partnership (Limited Partnership) (北京建信環境投資基金(有限合夥)), which directly holds 27,998,030 Shares, representing 0.99% of the aggregate ownership percentage of our Company;

Changzhou Ruiliang Venture Capital Partnership (Limited Partnership) (常州瑞良創業投資合夥企業(有限合夥)), which directly holds 15,998,874 Shares, representing 0.56% of the aggregate ownership percentage of our Company;

Xinche Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司), which directly holds 6,399,550 Shares, representing 0.23% of the aggregate ownership percentage of our Company;

Hainan Kaixian Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (海南開弦零碳股權投資基金合夥企業(有限合夥)), which directly holds 41,437,085 Shares, representing 1.46% of the aggregate ownership percentage of our Company;

Changzhou Hongtu Taiyi Venture Capital Partnership (Limited Partnership) (常州紅土太乙創業投資合夥企業(有限合夥)), which directly holds 7,999,437 Shares, representing 0.28% of the aggregate ownership percentage of our Company;

Zibo Youbo New Power Equity Investment Partnership (Limited Partnership) (淄博友博新勢力股權投資合夥企業(有限合夥)), which directly holds 40,797,130 Shares, representing 1.44% of the aggregate ownership percentage of our Company;

Anhui Qianhai Fangzhou Intelligent Vehicle Investment Fund Partnership (Limited Partnership) (安徽前海方舟智能車投資基金合夥企業(有限合夥)), which directly holds 15,998,874 Shares, representing 0.56% of the aggregate ownership percentage of our Company;

Jiaxing Dianxin Equity Investment Partnership (Limited Partnership) (嘉興典芯股權投資合夥企業(有限合夥)), which directly holds 23,998,312 Shares, representing 0.85% of the aggregate ownership percentage of our Company;

Shenzhen Jingcheng Open Enterprise Management Center (Limited Partnership) (深圳精誠開闊企業管理中心(有限合夥)), which directly holds 21,274,503 Shares, representing 0.75% of the aggregate ownership percentage of our Company;

Beijing Hongying Enterprise Management Partnership (Limited Partnership) (北京洪盈企業管理合夥企業(有限合夥)), which directly holds 7,999,437 Shares, representing 0.28% of the aggregate ownership percentage of our Company; and

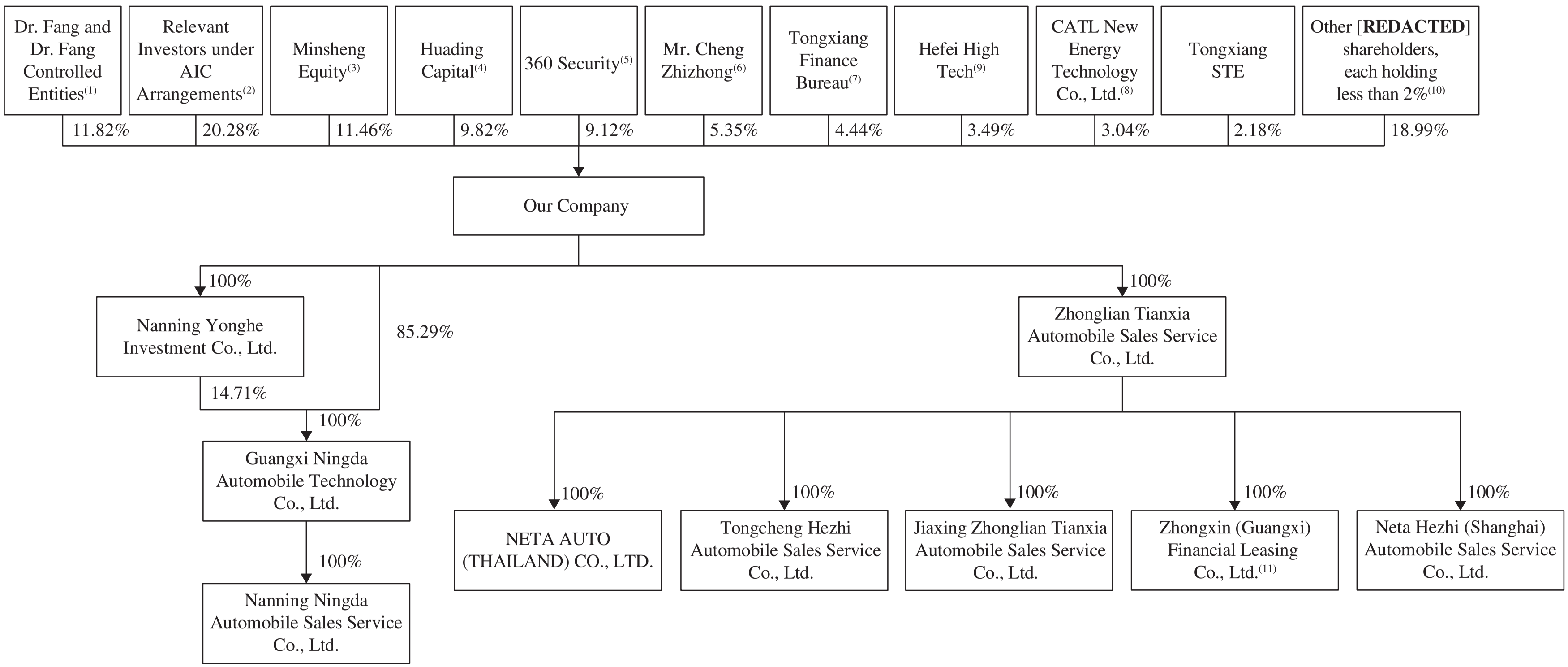
Insight Capital IX Limited (瑞豐資本有限公司), which directly holds 15,683,257 Shares, representing 0.55% of the aggregate ownership percentage of our Company.

(14) The inconsistency between the total figures in the table and the sum of the individual figures is the result of rounding.

CORPORATE STRUCTURE

Corporate structure immediately before the [REDACTED]

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [**REDACTED**]:



Notes:

(1) Represents Dr. Fang, Shanghai Zheao, Zhonghe, Zhehui, Youwei, Taohan, and Yingtong. See "— Capitalization" and the section headed "Substantial Shareholders" for more details.

(2) Represents Lotus-born, Yichun Xinhe, Jiaxing Xinsong, Jiaxing Xinzhu, and Yichun Entities. See "— Information on the Principal [**REDACTED**] — Parties to the AIC Arrangements holding 2% or more of our total issued share capital," "— Information on the Principal [**REDACTED**] — Parties to the AIC Arrangements holding less than 2% or nil of our total issued share capital," "— Capitalization," and the section headed "Substantial Shareholders" for more details.

(3) Such Shares were held indirectly through Nanning Fund and Liuzhou Minsheng. Minsheng Equity is the sole general partner of Nanning Fund and one of the two general partners of Liuzhou Minsheng. See "— Information on the Principal [**REDACTED**] — Minsheng Equity," "— Capitalization," and the section headed "Substantial Shareholders" for more details.

(4) Such Shares were held indirectly through Huading Fund, of which Huading Capital is the sole general partner. See "— Information on the Principal [**REDACTED**] — Huading Capital," "— Capitalization," and the section headed "Substantial Shareholders" for more details.

(5) Such Shares were held indirectly through Chengdu Hongjing and Beijing Hongjin Yuantu, both of which are indirectly wholly owned by 360 Security (Shanghai Stock Exchange Stock Code: 601360). See "— Information on the Principal [**REDACTED**] — 360 Security," "— Capitalization," and the section headed "Substantial Shareholders" for more details.

(6) Such Shares were held indirectly through Fengtai Zhoulai Guxin New Energy, Tongcheng Tonghe New Energy and Yangtze River Delta, each of which is ultimately controlled by Mr. Cheng Zhizhong. See "— Information on the Principal [**REDACTED**] — Mr. Cheng Zhizhong," "— Capitalization," and the section headed "Substantial Shareholders" for more details.

(7) Such Shares were held indirectly through Tongxiang Runhe and Tongxiang City Development Group Co., Ltd., both of which are wholly owned by Tongxiang Finance Bureau. See "— Information on the Principal [**REDACTED**] — Tongxiang Finance Bureau" and "— Capitalization" for more details.

(8) Such Shares were held indirectly through Ningbo Meishan, which is wholly owned by CATL (Shenzhen Stock Exchange Stock Code: 300750). See "— Information on the Principal [**REDACTED**] — CATL" and "— Capitalization" for more details.

(9) Such Shares were held indirectly through Hefei High Tech, of which Hefei High Tech is the sole general partner of Fengyang New Energy. See "— Information on the Principal [**REDACTED**] — Hefei High Tech," and "— Capitalization," for more details.

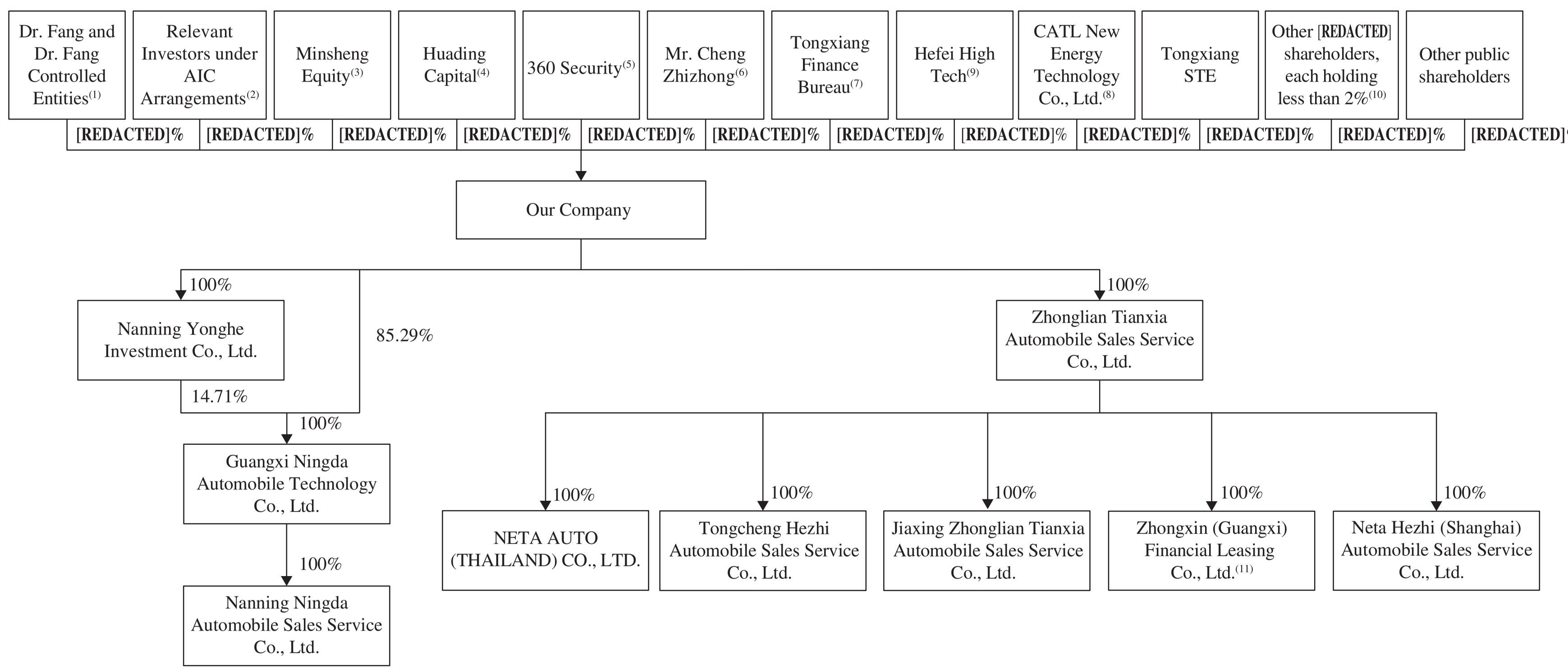
(10) See "— Capitalization" for details of other shareholders each holding less than 2% of the aggregate ownership percentage of our Company.

(11) See "— Principal Subsidiaries and Operating Entities" for details of the proposed changes to the shareholding structure of Zhongxin Guangxi.

(12) The inconsistency between the total figures in the chart and the sum of the individual figures is the result of rounding.

Corporate structure immediately following the [REDACTED]

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the [**REDACTED**], assuming that none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised:



Notes (1)-(11): See the respective notes under "Corporate structure immediately before the [**REDACTED**]."

OVERVIEW

Our brand, Neta, is inspired by an ancient Chinese mythological figure who is widely known among Chinese worldwide for his youthful bravery, determination, self-transcendence and commitment to justice. This perfectly encapsulates the spirit of our Neta brand: we are a NEV technology company dedicated to making dream cars accessible for people around the world.

We are committed to becoming a leader in the global NEV industry. Through continual innovation and accurate product positioning, we have become a leading smart NEV brand in China. As we continue to pursue our global strategies, we expect international markets to continue to fuel our future growth.

According to the CIC Report, China boasts an enormous NEV market, with sales expected to grow from 8.9 million units in 2023 to 22.8 million units in 2028, while the overseas NEV market shows significant growth potential, with sales expected to increase from 5.2 million units in 2023 to 13.6 million units in 2028, representing a CAGR of 21.4%. Chinese NEV companies, who sold 0.6 million units in the overseas NEV market in 2023, are expected to sell 4.5 million units in the overseas NEV market by 2028, representing a CAGR of 48.9% from 2023.

We have been proactively exploring the overseas market, with 17,019 NEVs exported to overseas countries in 2023, which accounted for 13.7% of our total NEV sales and contributed 12.0% of our revenue in the same year. We have established a strong presence in the Southeast Asia market. According to the CIC Report, in 2023, we ranked among the top three NEV brands in Southeast Asia as measured by vehicle insurance registration. In the future, we will continue to proactively explore market potential in Latin America, the Middle East and Africa and identify and seize opportunity to expand into Europe. Our global journey is backed by our global management structure, with Hong Kong serving as our global headquarter and Shanghai as our strategic operation headquarter. For more details about our overseas expansion, see "— Our Global Expansion."

According to the CIC Report, new-generation consumers are gradually becoming the main buyers in the global NEV market. To keep pace with this trend, we position our products to cater to the needs of new-generation users globally, who value technology, style and sportiness of vehicles. We believes this enables us to continually pioneer the global NEV trend. We currently offer the following models on the global market:

- **Neta AYA series**: a small-size battery-electric SUV with two generations: Neta V and Neta AYA to target new-generation customers worldwide who are trend-conscious. In 2023, we delivered 50,095 units of Neta AYA series. According to the CIC Report, in 2023, as measured by vehicle insurance registration, Neta AYA series ranked No.1 among small-size BEVs in Southeast Asia, with a market share of 52.0%.

- **Neta X series**: a compact battery-electric SUV with two generations: Neta U and Neta X to target new-generation customers worldwide who prioritize practicality. In 2023, we delivered 46,724 units of Neta X series. According to the CIC Report, in 2023, Neta X series ranked fourth among all compact battery-electric SUVs in China as measured by vehicle insurance registration. Neta X series is expected to enter into the Thailand and Indonesia markets in July 2024, the Hong Kong market in August 2024 and the South America markets in the fourth quarter of 2024. This demonstrates our strong capabilities in global expansion.

- **Neta L**: a mid-sized range extender and battery-electric SUV for families worldwide who prioritize the intelligence and range of vehicles. Through our advanced extended-range technology, Neta L boasts an outstanding battery-electric range of up to 300 kilometers in REEV mode. Neta L has become a high-demand product upon launch, which demonstrates our deep insights into user preferences. According to the CIC Report, Neta L leads Chinese REEV SUVs in extended-range capability.

- **Neta S**: a sporty, tech-savvy sedan for new-generation customers worldwide who value a quality lifestyle. In 2023, we delivered 20,278 units of Neta S. According to the CIC Report, in 2023, Neta S ranked fourth among all mid-to-large new energy sedans in China as measured by vehicle insurance registration.

- **Neta GT**: China's first mass delivered two-door, four-seat battery-electric sports car, which targets new-generation customers worldwide who are fashion-conscious and prioritize quality and experience. We delivered 7,092 units of Neta GT in 2023 since its launch in April in the same year. According to the CIC Report, in 2023, Neta GT ranked No. 1 among all new energy sports cars in China as measured by vehicle insurance registration.

Though the prices of our vehicles generally range approximately US$15,000 and US$45,000, the most competitive NEV segment, we believe that any NEV company that has established a leading position in this market segment is expected to obtain competitive edge and achieve sustainable growth. Our ability to cater to the demands for stylish and sporty models has set us apart, enabling us to maintain high growth and significant market share. Our vehicle deliveries grew rapidly from 64,230 units in 2021 to 124,189 units in 2023, representing a CAGR of 39.0%. We have been expanding into the more profitable mid-to-high-end market segment and replicating our success in China in overseas markets. According to the CIC Report, our mid-to-high-end Neta S and Neta GT models have gained wide market acceptance, contributing to 24.6% of our total sale in 2023, as compared with 1.0% in 2022 as measured by vehicle insurance registration. The average selling prices of our vehicles increased from RMB71,000 in 2021 to RMB84,000 in 2022 and further to RMB109,000 in 2023 and RMB113,000 in the first four months of 2024.

We have an advanced research and development system and a dedicated research and development team with a wealth of core technologies in NEVs. We have established four R&D centers in Shanghai, Jiaxing, Beijing and Hong Kong. As of December 31, 2023, we had 2,132 R&D personnel, accounting for 26.9% of our total workforce. Our research and development strategy focuses on core technologies under a "core self-research + ecosystem collaboration" model, which allows us to master key technologies and components, while fully utilizing the expertise of suppliers to jointly produce high-quality products cost-efficiently. Our core R&D achievements include our Shanhai Platform and the Yunhe Platform. For details about our R&D achievements, see "— Research and Development."

We currently operate one vehicle factory in Tongxiang, China and several vehicle parts factories in China. We continually enhance the automation and intelligence levels of our factories to help ensure efficient production of high-quality products. Our flexible production capabilities allow us to manufacture multiple models using the same production line, which helps significantly improve production efficiency. Our Neta X series ranked No.1 among mid-range NEVs in terms of quality experience in the 2023 China Automotive Product Quality Performance Study. In the same year, Neta S ranked No.1 among mid-to-large NEVs in the quality rankings of Chinese NEVs brands. In overseas markets, we adopt production models that best suit local conditions and incentive policies requirements. Our factories in Thailand and Indonesia started production in March and May 2024, and our factory in Malaysia commenced construction in January 2024. For more details, see "— Manufacturing, Supply Chain, and Quality Control."

We have developed a standardized service process combining multiple distribution channels and scenarios to cater to diverse and evolving customer needs. In China, we rapidly expand our sales network through a combination of direct and distributor sales as well as online and offline channels. As of December 31, 2023, we had established 539 stores in China, including 114 Neta direct stores. We tailor our overseas operation structure to suit the characteristics of local markets. In larger and more competitive markets, we adopt a subsidiary and local distributors cooperation model to maintain control over brand, channels, services and user management. In up-and-coming markets with abundant agent resources, we use an authorized agent model to quickly expand market share cost-efficiently. As of December 31, 2023, we had arranged or established a total of approximately 100 sales outlets and after-sale outlets overseas.

Our Neta APP offers users a comprehensive platform that integrates content and information, social circles, remote vehicle control, vehicle purchase and maintenance and other benefits. As of December 31, 2023, our Neta APP had over 1.1 million registered users, allowing us to gain deep insights into user preferences to seize future growth opportunities. We offer flexible charging solutions to customers. As of the Latest Practicable Date, our Neta plus charging network connected more than 70,000 charging stations and 500,000 charging piles open to our vehicle owners across 339 cities in China. For details about our sales and marketing, see "— Sales and Marketing."

As our business scale grew, we achieved significant revenue growth during the Track Record Period. Our revenue increased from RMB5,086.9 million in 2021 to RMB13,554.7 million in 2023, representing a CAGR of 63.2%. We have achieved remarkable progress in our global expansion in 2023 and ranked among the top three NEV brands in Southeast Asia as measured by vehicle insurance registration. According to the CIC Report, in 2023, Neta AYA series ranked No.1 among small-size BEVs in Southeast Asia, with a market share of 52.0% as measured by vehicle insurance registration.

OUR STRENGTHS

A globally-oriented positioning and footprint

We are a leading global smart NEV brand. With an established leading position in China, we continue to expand into, and have gained first mover advantages in, overseas markets with growth potential. Sensing the vast consumer base and favorable policy environment in Southeast Asia market and consumer preferences similar to that of the Chinese market, we strategically chose Southeast Asia market as the first destination of our global expansion. We believe this market is set to replicate the development path of the Chinese market and experience remarkable growth. Since 2021, we have been developing right-hand drive models for Southeast Asia market, and have become the first emerging NEV company in China to launch right-hand drive models in this region in 2022. According to the CIC Report, we ranked among the top three NEV brands in Southeast Asia in 2023 as measured by vehicle insurance registration, just one year after we first launched our product there. Building upon our success in Southeast Asia, we have been expanding our presence in other markets with growth potential such as Latin America, the Middle East and North Africa and accelerating the certification of our products in the European Union. According to the CIC Report, the penetration rate of the global NEV market is expected to increase rapidly from 18.6% in 2023 to 40.0% in 2028, with sales expected to reach 36.4 million units, leading to significant growth opportunities for our products.

We are committed to a glocalization strategy by establishing operation management, product development, manufacturing and sales service system tailored to each local market. We have established an organizational management structure that suits the needs of our global expansion with our global headquarter in Hong Kong serving as a platform for international communication and global resource coordination. We have also established subsidiaries in key markets such as Thailand, Indonesia, Mexico, Brazil, the UAE and the Netherlands. We continually optimize existing vehicle models and develop new customized vehicle models based on our deep insights in local market demands. We have also innovatively adopted an asset-light model to consolidate resources and have forged enduring alliances with overseas local industry participants through collaborations in channel, technology and brand. This enables us to cost-efficiently establish strong presence in the full industry chain encompassing supply chains, sales channels, after-sales services and charging infrastructure and build entry barrier in terms of production qualification and channels. Our factories in Thailand and Indonesia have started large-scale production and our factory in Malaysia is under construction. As of December 31, 2023, we had arranged or established approximately 100 sales outlets and after-sale outlets overseas. We also collaborate with overseas third-party charging network operators to enable overseas users to enjoy pleasant charging experience.

Globalization is an important driving force for our sustainable development. During the Track Record Period, our business in China grew steadily while our overseas business with high value-addition continued to expand, both of which contributed to the continued improvement in our profitability. The average selling prices of our vehicles increased from RMB71,000 in 2021 to RMB84,000 in 2022 and further to RMB109,000 in 2023 and RMB113,000 in the first four months of 2024. The vehicles we delivered increased from 64,230 units in 2021 to 124,189 units in 2023. Our revenue increased from RMB5,086.9 million in 2021 to RMB13,554.7 million in 2023, representing a CAGR of 63.2%.

Extraordinary products catering to diverse customer needs

We target new-generation users worldwide who value, technology, style and sportiness of vehicles and continue to launch best-sellers to lead industry trend. We create stylish and sporty vehicle appearances and offer beyond-expectation products with intelligent driving technology plus differentiated performance indicators such as comfort, safety and long range.

We continually enrich our product portfolio to better serve the diverse needs of new-generation users. Since 2022, we have been pursuing a strategy of launching at least one new model or an upgraded iteration of an existing model each year, and have launched a variety of models including sedans, SUVs and sports cars. We have also adopted a dual-energy strategy composed of BEVs and REEVs, as well as a global strategy of offering both left-hand drive and right-hand drive models. This not only provides users with a diverse range of choices but also effectively expands our target customer base and enhances the economic efficiency of our products.

Each of our products has achieved remarkable sales results in their respective market segments, demonstrating our deep insights into the needs of new-generation users and our strong product power. In 2023, Neta AYA series and Neta GT ranked No.1 among small-size smart BEVs and new-energy sports car in China, respectively, and Neta X series and Neta S ranked fourth among battery-electric compact SUVs and mid-to-large new energy sedans in China, respectively, as measured by vehicle insurance registration. Upon launch, Neta L has become a high-demand product.

Robust R&D capabilities empower highly intelligent products at competitive prices

We have established a robust and highly-effective global smart NEV technology development system through our own R&D efforts and collaboration with other ecosystem participants. We have established four R&D centers in Shanghai, Jiaxing, Beijing and Hong Kong. As of December 31, 2023, we had 2,132 R&D employees.

We possess industry-leading vehicle technology and capabilities in component systems and intelligent technology development. Under our Hozi brand, we have developed core technologies and component systems such as electric motor, range-extender, thermal control, intelligent domain control, central supercomputing and skateboard chassis. With respect to intelligent technology, our multi-language full natural voice interaction system leads the industry in wake-up speed and response capability. Our self-developed NETA OS underlying operating system caters to the development needs of core control software and application layer functional software. Our jointly developed large model product, "NETA GPT Qiankun Ring" (哪吒乾坤圈), deploys AI large models into the intelligent cockpit to offer users a smart and interactive experience. We have also achieved remarkable results in intelligent driving. NETA AYA series offer one of the most comprehensive ADAS functions among EVs models of the same price range. NETA S and NETA GT are equipped with NETA AD PRO to support more ADAS functions. As of April 30, 2024, we had applied for and obtained over 3,000 patents in China and overseas.

We prioritize the development and application of forward-looking technologies to create innovative functions for our users. Our jointly-developed vehicle-to-grid (V2G) bidirectional charging and discharging management algorithm strategy and control technology enable NEVs to serve as mobile energy storage units for smart grids. Vehicle owners may sell electricity to earn additional economic benefits. For intelligent driving, we are developing the NETA AD MAX, an advanced driver assistance system with urban navigation capabilities, which we plan to deploy in over 100 cities across China by the end of 2024.

Highly effective platform development and supplier chain integration, achieving remarkable equilibrium among performance, quality and cost-effectiveness

We adhere to a platform-based development strategy to achieve efficient and low-cost product development and iteration. We have launched two globally leading intelligent vehicle platforms — the Shanhai Platform (山海平台) and Yunhe Platform (雲河平台). These platforms demonstrates robust compatibility with BEVs and REEVs, front-wheel drive, rear-wheel drive, and all-wheel drive configurations, as well as left-hand drive and right-hand drive models, including sedans and SUVs. Platform-based development allows us to achieve a high degree of reuse of technologies, systems and components across different models, with a generalization rate of up to 80%. This significantly shortens the development cycle of new models and optimizes development costs, providing strong technical support for the efficient and low-cost development and iteration of our global models. Neta AYA series, Neta X series, and Neta GT have all obtained EU regulatory certification, and Neta L is actively pursuing this certification.

Our robust supply chain integration and refined manufacturing capabilities enable us to manufacture and develop high-quality products while effectively controlling capital expenditures and operating costs. We independently develop and manufacture key components such as electric drives, range extenders and heat pumps to optimize product performance while effectively controlling component costs. Based on industrial policies and supply chain conditions, we select the most cost-efficient production models and have established production capabilities in China and overseas. Out Tongxiang factory's unit capacity investment intensity is among the lowest in the industry, demonstrating our ability to establish strong production capabilities with limited capital investment. We continually enhance the automation and intelligence levels of our factories and an integrated mechanism covering the entire production process to help ensure product quality.

We have achieved a remarkable equilibrium among performance, quality and cost effectiveness. We have achieved industry-leading efficiency in vehicle development, which allows us to develop multiple star models with relatively low investment per model. Our products have not only achieved remarkable sales but have also been widely recognized for their performance and quality. Our Neta S and Neta X series have been ranked No. 1 among NEVs in their market segments by various renowned market research institution in China and overseas.

Visionary senior management with global perspective, innovative spirit and strong execution capabilities

Our founding team has a profound industry background and a deep and forward-thinking understanding of industry trends. Our co-founder and chairman, Dr. Fang Yunzhou, a postdoctoral fellow from Tsinghua University, innovatively proposed as early as in 2014 that that NEVs are the key nodes of mobile interconnection, energy interconnection and smart transportation. Our co-founder and CEO Mr. Zhang Yong, with extensive experience in the NEV industry, has long been responsible for operations management and channel development and possesses a wealth of execution and management expertise.

With strategic insights honed through multiple industry cycles, our senior management brings innovative and adaptive thinking to our development approach and plays a crucial role in establishing our globally-oriented development model. Under the leadership of our senior management, we have keenly identified significant growth opportunities in overseas markets such as Southeast Asia and have demonstrated strong execution capabilities in seizing these business opportunities.

We believe that our senior management's global perspective, innovative spirit and proven efficient organizational capabilities will drive us to achieve growth and prosperity across market cycles in the face of intense competition.

OUR STRATEGIES

Continually deepen our overseas expansion by executing our strategies of "glocalization" and "long-termism"

We aim to become a leading brand in the global NEV industry by continuing to execute our strategies of "glocalization" and "long-termism". We will continue to deepen our presence in the Southeast Asia market, vigorously develop the Latin America, Middle East and African markets, and expand into the European market at appropriate time. We believe that our strategic presence in these overseas markets will help further diversify our revenue streams, strengthen our economies of scale and enhance our profitability.

Building upon our remarkable achievements in international ventures, we will continue to deepen localization in overseas market in areas such as research and development, production and sales and service. We will further refine and optimize products tailored to each overseas market. We also plan to continue strengthening our channel, technology and brand collaboration with overseas industry participants. This will enable us to continually enhance our localized R&D, production and service capabilities. Moreover, we are committed to expanding our global footprint by establishing branches worldwide and providing comprehensive services for overseas users.

Effectively identify global user needs and continually launch new vehicle models and accelerate product iterations

Looking forward, we plan to enhance our understanding of the needs and preferences of global new-generation customers. We will continue to develop new models and iterate existing models on our platforms. We will remain committed to the dual technology route of REEVs and BEVs to offer a full range of product types including "sedans + SUVs" and provide both left-hand drive and right-hand drive models on the global market. We believe that our continually enriched and upgraded product portfolio will enable us to consistently offer vehicles that resonate with the preferences and needs of our target customers, thereby solidifying our industry-leading position and enhancing our profitability.

Continually enhance intelligent experience through enhanced R&D innovation while maintaining cost-effectiveness

Innovation is the key to enhance our core competitiveness, achieve cost reduction and enhance efficiency and user experience. We plan to continue to invest in independent development and manufacturing of three-electric technology (motor, battery and electronic control) and core components. We believe this not only helps strengthen our differential advantage in core components but also enhances our platform-based development and manufacturing capabilities, which enables us to meet the standards adopted by different countries worldwide. We expect to further reduce vehicle development and manufacturing costs while ensuring our products are of high quality and reliability.

We will also further increase our investment in intelligence. We plan to continue to collaborate with selected business partners around the world to deepen research and application of in-vehicle AI technologies and offer users more intelligent and personalized human-vehicle interaction experiences. Furthermore, we will continue to invest in both software and hardware used in intelligent driving and strengthen the research and development in automatic driving and vehicle-road coordination. We will make more localization efforts in areas such as intelligent cockpits to address the specific needs of overseas consumers.

Continually expand our sales, service and charging network worldwide to upgrade and optimize user experience

We plan to expand our global sales and service network to optimize user experience and enhance customer outreach efficiency by establishing more offline stores in markets with high growth potential. We will continue to strengthen the development and operation of our online digital marketing platform and user community to enhance our market influence and user engagement. We plan to continually develop and upgrade our high-voltage charging technology. We believe this will effectively enhance charging efficiency and alleviate users' range anxiety. Additionally, we will collaborate with more mainstream charging operators and further refine our NETA Charge+ comprehensive charging system to provide users with a safer, more convenient and more efficient charging experience.

Offer full-scenario service ecosystem centered around user demands, exploring new commercialization potentials

We will continually enhance our full-scenario service system to meet users' comprehensive service needs such as vehicle usage, maintenance and roadside assistance. We believe this will help foster long-term relationship with our users.

We will further increase our investment in V2G technology to support the construction of a smart energy internet and promote the development of innovative energy solutions. We believe this will not only create additional economic benefits for our users but also provide new revenue streams for us.

We will also offer more personalized value-added services, such as battery cascade utilization, software subscriptions and iterative upgrades, to meet diversified user needs and preferences and continue to diversify our revenue streams.

OUR VEHICLES

We make high-quality smart NEVs easily accessible to global customers.

We currently have two core self-developed intelligent automotive platforms that integrate high intelligence, high safety, high expandability and environmental friendliness: the Shanhai Platform and the Yunhe Platform. Our strong platform-based R&D capabilities allow us to achieve rapid model iteration in a highly cost-efficient manner. For details about our platform-based R&D capabilities, see "— Research, Development and Technology."

Currently, we have developed Neta AYA series and Neta X series based on our Yunhe Platform, and Neta L series, Neta S series and Neta GT series based on our Shanhai Platform. Our diverse product portfolio caters to the diverse needs of individuals and families who value quality of life and focuses on user experience, characterized by "technology, style and sportiness," aligning with the global automotive trends of "youthfulness, intelligence and new energy." This has resulted in our outstanding market performance. During the Track Record Period, we delivered 332,912 vehicles.

Models Under Yunhe Platform

As a leading global R&D platform dedicated for BEVs, our Yunhe Platform focuses on the parallel development of both left-hand and right-hand drive vehicles. It employs advanced technologies to achieve a high integration, modularization and lightweight design, featuring high level of safety, long range, high bandwidth and wide temperature adaptability. The platform supports the development of A0 to B-class BEVs, including sedans, SUVs and MPVs, providing robust technical support for the rapid iteration of our global models.

Our Yunhe Platform offers leading ADAS technologies, supporting over ten ADAS functions, including adaptive cruiser control (ACC) and fusion automatic parking assist (FAPA). We also actively use ADAS technologies for proactive safety protection through features such as automatic emergency braking (AEB), forward collision warning (FCW) and blind spot detection (BSD). Depending on the product positioning of different models, we customize various ADAS function combinations to provide users with an intelligent and superior driving experience. According to the CIC Report, we offer one of the most comprehensive ADAS functions among EVs of the same price range.

Our Yunhe Platform offers a comprehensive battery safety solution. Our self-developed battery management system has undergone approximately 900 self-built performance and safety tests. The system continually monitors battery pack's temperature, voltage, current, power output and high-voltage device impact frequency. The system accurately estimates the state of charge (SOC), state of power (SOP) and state of health (SOH) to help prevent overheating and reduce the risks of fire, explosion and thermal propagation.

The following table sets forth the main specifications of our current vehicle models under our Yunhe Platform.

Main Specification (China-sold models)	Neta AYA Series	Neta X Series
Wheelbase (mm)	2,420	2,770
Driving Range (km) (CLTC)	318/401	401/501
Peak Power (kW)	40/70	120
Maximum Torque (Nm)	110/150	210
Maximum (km/h)	>101	⩾150

Neta AYA Series

Neta AYA series is a small-size battery-electric SUV, which we started delivering to customers in August 2023. We currently offer three versions of Neta AYA series, each with different CLTC driving ranges and maximum torque. Neta AYA series features spacious interiors, advanced intelligent driving, long driving range, powerful motors, high acceleration and a premium intelligent cockpit. It caters to the needs of new-generation customers worldwide who are trend-conscious. According to the CIC Report, Neta AYA series can accelerate from zero to 50 km/h in approximately 4.1 seconds, outperforming many competitors of its price range. Additionally, Neta AYA series boasts a maximum CLTC driving range of up to 401 kilometers and, powered by our proprietary battery system, can charge from 30% to 80% in as swift as half an hour, demonstrating industry-leading range and charging efficiency.

Neta AYA series is primarily targeted at overseas markets and serves as our primary product for international expansion. According to the CIC Report, in 2023, Neta AYA series ranked No. 1 among small-size BEVs in Southeast Asia, with a market share of 52.0%, as measured by vehicle insurance registration.

Neta AYA is an upgraded version of Neta V. We launched the first Neta V model in November 2020 and subsequently released two upgraded versions in November 2021 and April 2022, respectively. In 2021, 2022 and 2023, we delivered 45,476 units, 97,995 units and 50,095 units of Neta AYA series, respectively.

Neta X series

Neta X series is a compact battery-electric SUV, which we started delivering to customers in October 2023. We currently offer five versions of Neta X, each with different CLTC driving ranges and configurations. Neta X series features spacious rear seating, advanced intelligent systems, comfortable driving experience and outstanding safety performance. It caters to the needs of new-generation customers globally who prioritize practicality.

As one of the few EV series developed by a Chinese emerging NEV enterprise that offers both right-hand drive and left-hand drive models, Neta X series has obtained EU certification and is set to venture into Thailand and Indonesia markets in July 2024, the Hong Kong market in August 2024 and the South America markets in the fourth quarter of 2024, showcasing our strong capabilities in international expansion.

Neta X is an upgraded version of Neta U. We launched the first Neta U model in March 2020 and subsequently released two upgraded versions in April 2021 and October 2022, respectively. In 2021, 2022 and 2023, we delivered 18,730 units, 45,405 units and 46,724 units of Neta X series, respectively. According to the CIC Report, in 2023, Neta X series ranked fourth among all compact battery-electric SUVs in China as measured by vehicle insurance registration.

Models Under Shanhai Platform

Our Shanhai Platform is a world-leading intelligent R&D platform, characterized by high safety, intelligence, expandability and environmental friendliness. Compatible with both BEVs and REEVs, our Shanhai Platform enables the development of A to C-class vehicles across front-wheel drive, rear-wheel drive and all-wheel drive models. The platform offers advanced technological solutions such as integrated chassis, integrated die-casting, 800V high-voltage architecture, AI large models and advanced intelligent driving systems.

Through our advanced Shanhai Platform, we have developed superior range-extended technologies. Powered by a high-capacity battery, we achieve an ultra-long pure-electric range of 300 kilometers. This offers users exceptional electric performance, as well as cost efficiency, worry-free recharging and excellent adaptability under both high and low-temperature environments.

Our Shanhai Platform supports more advanced and comprehensive ADAS functions through over 20 different features. In addition to adaptive cruiser control (ACC), fusion automatic parking assist (FAPA) and Neta high-speed navigation assist (NNP), the platform strengthens users' ADAS experience to include all-speed adaptive cruise control, traffic sign recognition (TSR), start-and-go warning (SGW) and lane change assist (LCA). Furthermore, our Shanhai Platform seamlessly integrates proactive safety solutions with ADAS functions, including automatic emergency braking (AEB), forward collision warning (FCW), lane departure warning (LDW), intelligent cruise assist and highway navigation assist.

The following table sets forth the main specifications of our current vehicle models under our Shanhai Platform.

Main Specification (China-sold models)	Neta L	Neta S	Neta GT
Wheelbase (mm)	2,810	2,980	2,770
Driving Range (km) (CLTC)	REEV: 1,250/1,300	BEV: 520/650/715 REEV: 1,060/1,160	560/580
Peak Power (kW)	170	170/340	170/340
Maximum Torque (Nm) . . .	310	310/620	310/620
Maximum (km/h)	180	185	185

Neta L

The Neta L is a mid-sized SUV with two powertrain options: a BEV version and a REEV version. We started delivering the REEV version of Neta L series in May 2024. The Neta L is designed for families who prioritize intelligence and range in their vehicles. It features an ultra-long range system, premium interior comfort, robust safety performance and advanced intelligent experiences to meet the needs of family oriented buyers. We currently offer four versions of Neta L, each with different CLTC driving ranges, battery capacities and configurations. Neta L has become a high-demand product upon launch, which demonstrates our deep insights into user preferences.

Neta L offers two driving modes: battery-only mode and REEV mode. With its ultra-long range, fast charging and fuel efficiency, Neta L effectively alleviates users' range anxiety. Under battery-only mode, Neta L boasts a maximum CLTC range of up to 310 kilometers, representing one of the longest range for an REEV under battery-only mode globally. Under REEV mode, Neta L achieves a maximum CLTC range of up to 1,300 kilometers, leading other NEVs in its market segment. Neta L can charge from 30% to 80% in as swift as 19 minutes, making it one of the fastest charging REEV, according to the CIC Report. Our HOZI extended-range technology enables Neta L to achieve a fuel consumption of approximately 4.85 liters per 100 kilometers and convert each liter of fuel into 3.26 kWh of electricity, leading the industry in both fuel consumption and fuel-to-electricity conversion rates.

Neta S

Neta S is a sporty, tech-savvy sedan targeting new-generation consumers who value a quality lifestyle. We began delivering Neta S in November 2022. Neta S has gained user recognition for its high performance, long range, high safety and technologically advanced appearance. Currently, Neta S series offers two powertrain options: a BEV version and an REEV version. The BEV version provides a maximum CLTC range of up to 715 kilometers, while the REEV version offers a maximum CLTC range of up to 1,160 kilometers, leading the industry and effectively alleviating users' range anxiety.

In 2023, Neta S ranked first among mid-to-large NEVs in the quality rankings of Chinese NEVs brands.

In 2022 and 2023, we delivered 1,093 units and 20,278 units of Neta S, respectively. According to the CIC Report, in 2023, Neta S ranked fourth among all mid-to-large new energy sedans in China as measured by vehicle insurance registration.

Neta GT

Neta GT is China's first mass delivered two-door, four-seat battery-electric sports car. We began delivering Neta GT to customers in May 2023. Neta GT caters to the needs of new-generation customers who are fashion-conscious and prioritize quality and experience through a combination of sports car performance, a sleek design, a high-end intelligent experience and luxurious interior comfort. Neta GT can accelerate from 0 to 100 kilometers per hour in approximately 3.7 seconds, with a braking distance of an industry-leading 31.9 meters.

Neta GT has obtained EU product certifications, standing out among similar models. It has a wheelbase of 2,770 millimeters, which is longer than most of its peers. The rear-wheel-drive version offers a maximum torque of approximately 310 Newton-meters, while the all-wheel-drive version delivers a maximum torque of around 620 Newton-meters. Neta GT also boasts an impressive maximum CLTC range of up to 580 kilometers.

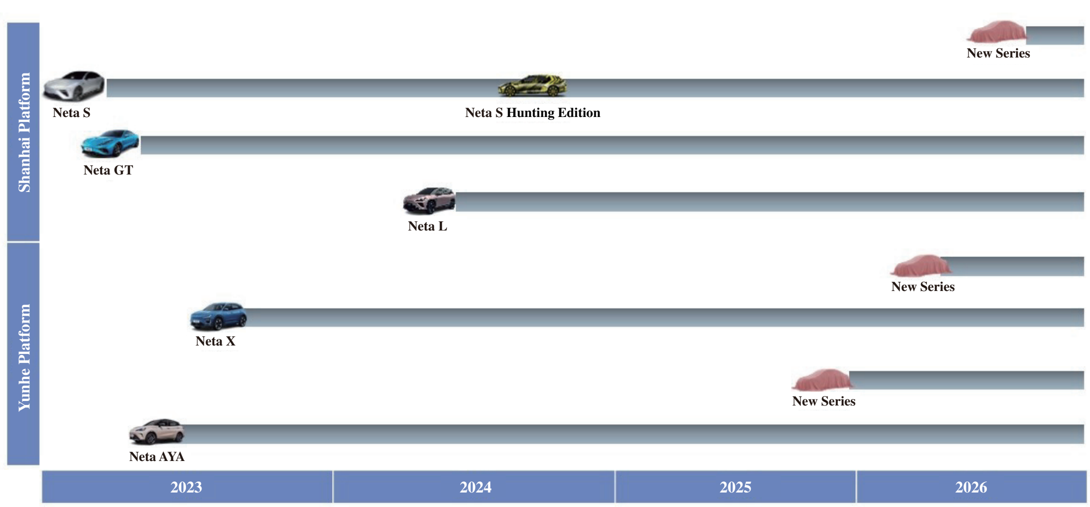
As of December 31, 2023, we had delivered 7,092 units of Neta GT. According to the CIC Report, in 2023, Neta GT ranked No. 1 among all new energy sports cars in China as measured by vehicle insurance registration.

Future Vehicle Roadmap

We plan to continually launch new models to cater to evolving customer needs, while ensuring rapid iteration of existing vehicle models by combining technological upgrades, functional optimization and continual improvement of product capabilities.

The following diagram illustrates the development roadmap with the expected time of launch of our future NEV models.

Future Vehicle Roadmap



OUR GLOBAL EXPANSION

We manage and hold our overseas assets through our Hong Kong subsidiary and plan to strategically position Hong Kong as our global headquarter to drive global expansion. We will focus on leveraging Hong Kong's role as a bridge to access international markets, facilitate communication and cooperation with international partners, attract and retain global talents and strengthen our brand and international image. We will coordinate global resources, optimize supply chain management and accelerate our globalization process through our presence in Hong Kong.

We have been pursuing a global expansion strategy to quickly and effectively expand into overseas markets with high growth potential, such as Southeast Asian market. As an emerging market with a large population and rapid economic growth, the Southeast Asian market is expected to replicate the development path of China's NEV market. The penetration rate of NEVs in Southeast Asia is expected to increase from 3.8% in 2023 to 19.0% in 2028, with sales reaching 1,092 thousand units. Therefore, we chose Southeast Asia as the first destination of our global expansion. In 2022, we entered Thai market by offering industry-leading right-hand drive electric vehicles. According to the CIC Report, in 2023, as measured by vehicle insurance registration, Neta AYA series ranked No. 1 among small-size BEVs in Southeast Asia, with a market share of 52.0%. We have also successfully ventured into Indonesia and Malaysia to deepen our presence in the Southeast Asian market. In the mean time, we are rapidly expanding into other emerging markets such as Latin America, the Middle East and Africa, and plan to expand into Europe. As of December 31, 2023, we had established partnerships with approximately 100 local distributors in 28 countries and overseas regions, with cumulative sales exceeding 20,000 units as measured by vehicle insurance registration.

We have adopted a localization strategy covering operation management, product development and manufacturing and sales service tailored to each local market, which enables us to quickly penetrate into local markets in a flexible and asset-light manner. We partner with local contract manufacturers with high-quality production capabilities under a light-asset cooperation model. This allows us to rapidly expand production capacity to meet local requirements with minimal investments. Our factory in Thailand and Indonesia started production in March and May 2024, respectively. Our factory in Malaysia commenced construction in January 2024. We have achieved localization rates of approximately 69% and 44% in Thailand and Indonesia, respectively, in accordance with applicable local laws and regulations. We fully utilize local high-quality supporting and production resources to expand quickly. We are also actively exploring localized production in regions such as North Africa. We cooperate with local distributors in key markets such as Thailand and Indonesia through our local subsidiaries to rapidly expand our coverage area, while maintaining control over brand, channels, services and user management. We also engage overseas agents and provide them with greater flexibility to manage and explore the market potential of our products. With respect to after-sales services, we have developed comprehensive warranty policies tailored to local market conditions. We had arranged or established a total of approximately 100 sales outlets and after-sales outlets as of December 31, 2023. We are also planning to build local spare parts central warehouses and national warehouses to help ensure timely supply of reliable spare parts.

RESEARCH, DEVELOPMENT AND TECHNOLOGY

Research and Development

We have established four research and development centers in Shanghai, Jiaxing, Beijing and Hong Kong. As of December 31, 2023, we had 2,132 R&D employees, including product management, engineering development, data, intelligent driving, cockpit, intelligent control and verification departments. In 2021, 2022 and 2023, our research and development expenditures were RMB775.9 million, RMB1,723.2 million and RMB2,263.3 million, respectively. As we enhance our R&D efforts, we plan to recruit more top talented employees globally.

Our strong in-house research and development capabilities enable us to pioneer in rolling out products tailored for overseas markets. We started engaging in the research and development of right-hand drive ("RHD") vehicles since January 2021. In 2022, we became the first emerging NEV company in China to launch an RHD vehicle to meet Thai customers' needs for vehicles with large cabin and young, stylish designs. We continue to focus on developing vehicles adaptable to consumers' needs such as long range and high performance in overseas markets.

As part of our R&D efforts, we cooperate with suppliers to co-develop key vehicle parts. For example, we and CATL deeply collaborate on developing CIIC integrated intelligent chassis, which is a highly integrated electric platform centered around battery and electric drive, using CTC (Cell to Chassis) technology. The platform integrates key components such as the battery system, electric drive system, thermal management system and chassis system into the downward part of the vehicle, eliminating the need for a separate battery pack. This can reduce purchase costs for users, save energy, extend driving range and increase passenger space. The first model equipped with the CIIC chassis is expected to be launched by the end of 2024.

Intelligent Driving Technology

We develop diverse computing platforms and hardware configuration solutions to optimize users' intelligent driving experience.

Our NETA AD LITE intelligent driving system offers features such as adaptive cruise control (ACC) and traffic jam assist (TJA). It is currently available in select models of Neta AYA series.

Neta GT is equipped with more advanced NETA AD system, which includes ADAS features like semi-automatic lane changes using the shift lever, integrated parking and remote parking.

NETA AD PRO system uses a hardware setup of five radars and eleven cameras (5R11V) to enable seamless point-to-point driving on highways and urban expressways. This system includes features such as automatic on/off-ramp merging, precise large vehicle avoidance, autonomous obstacle avoidance, intelligent speed matching and efficient lane changes.

We are also in the process of developing more advanced NETA AD MAX system to offer point-to-point intelligent driving functions in the future. NETA AD MAX system will feature a domain-control platform, Orin-X, along with five millimeter-wave radars, 11 cameras and a LiDAR. This setup will support comprehensive remote parking, cross-floor memorized parking and automated valet parking functions, which is expected to significantly reduce the need for manual intervention under Neta high-speed navigation assistance (NNP), improve driving efficiency in complex scenarios and enhance urban navigation assistance (NCP) services. We plan to introduce the NCP services in over 100 cities.

Perception and Multi-Sensor Fusion Algorithms

We are currently developing four-dimensional perception solutions that integrate spatial-temporal information with navigation map data. These solutions rely less on high-precision mapping and are designed to handle complex urban navigation scenarios, which we believe will facilitate the deployment of the NETA AD MAX system in more cities.

The NETA AD MAX system uses sensors such as LiDAR, cameras and millimeter-wave radar for environmental perception, supporting both driving and parking scenarios. For parking detection, we employ a multitask model that accommodates various types of parking spaces, including vertical, horizontal, and diagonal slots. In drivable areas, we fuse data from visual sensors, ultrasonic radar and LiDAR to accurately detect complex narrow spaces. Our system achieves centimeter-level accuracy in detecting parking and free spaces with a 95% success rate in parking space recognition and an overall 85% success rate in parking, including vertical, horizontal and diagonal spaces, based on our internal tests. NETA AD MAX system uses a multi-sensor fusion perception algorithm, allowing LiDAR to reliably identify pedestrians, vehicles and other targets. The system achieves an average target recognition accuracy rate of over 90% and a recall rate of over 80%.

Planning and Control Algorithms

We have successfully implemented our self-developed planning and control algorithms for mass production. These proprietary algorithms show minimal or no dependence on structured roads or high-precision maps. Our control solutions have advanced from parking scenarios to summoning scenarios in semi-closed park areas and open road areas.

Intelligent In-vehicle Technologies

Full natural language interaction system

We have equipped our new generation voice assistant, a full natural language interaction system, on our vehicle models. This system features a completely end-to-end voice interaction chain, including acoustics, wake-up, speech recognition, semantic understanding and dialogue management. It also uses multi-modal large-model modules to integrate visual, navigation and other collaborative effects, accommodating the comprehensive needs of vehicle owners in various scenarios.

Intelligent imaging

Our proprietary driver and passenger visual monitoring image recognition algorithm for face and fatigue detection boasts an accuracy rate of over 95%. This technology has enabled multi-modal interaction capabilities based on images and voices for Neta S and Neta GT models. In 2023, we independently developed a cutting-edge image desensitization algorithm, which has achieved a photo desensitization rate of over 99.5%. We have also introduced video desensitization and plan to progressively roll out real-time video stream desensitization to allow users to remotely monitor vehicle safety and the surrounding environment.

Software online upgrade (OTA)

We have developed our own vehicle-cloud integrated OTA firmware upgrade technology on our Shanhai and Yunhe platforms for the electronic and electrical architecture backbone network. This technology covers all ECUs in the vehicle's five major domains: cockpit, driving, power, body and chassis and allows users to enjoy new features and experiences throughout the product lifecycle. We are also working on core OTA technologies such as differential algorithms, parallel upgrades and self-upgrades to reduce user waiting time during updates.

AI Large Language Model

We collaborate with leaders in the large model industry to integrate AI large models into our smart cockpits. We launched our first AI large model, NETA GPT "Qiankun Ring", in April 2024 and are currently developing an AI large model system to further intelligentize our cockpit system. In the future, we plan to apply AI large model technologies to other areas such as product development and after-sales services. As of the Latest Practicable Date, we have applied for 18 patents related to AI large models.

Electrical and Electronic Architecture

We view the electrical and electronic architecture platform (EEA) as the brain and nervous system of a vehicle. We have adopted a platform-based approach to independently research and develop electronic and electrical architectures. Our independently developed EEA is highly adaptable and can be expanded to suit different vehicle models.

Leveraging the domain integration technology of the XPC expandable EEA under the Shanhai platform, we have achieved cross-domain integration and plug-and-play controller capabilities. By extending the Ethernet SOA concept, we have created a vehicle computing collaborative system. This system builds an integrated interaction link for intelligent driving and smart cabins, enabling innovative human-machine co-driving functions.

We have also developed a distributed EEA under our Yunhe platform, which is based on an Ethernet with large bandwidth and a CAN communication network. This setup allows for 4G vehicle-cloud communication and full-vehicle OTA updates. The Yunhe platform also provides access and full-vehicle OTA capabilities for certain domain controllers.

While developing the whole vehicle EEA, we have also focused on our medium- and long-term vehicle model development planning. From an architectural perspective, we have developed domain controllers or central computing controllers that are better suited for whole vehicle applications.

HOZI Technology Platform (浩智科技平台)

HOZI Intelligent Super Controller (浩智超算)

The HOZI Intelligent Super Controller is our in-vehicle super-computing platform product. It boasts strong computing processing capabilities and adaptability across multiple vehicle models. The HOZI Intelligent Super Controller can continually enhance the integration of computing power and functionality based on vehicle application requirements to achieve chip-level deep integration of intelligent driving, smart cabins and intelligent control.

We have launched the HOZI Intelligent Super Controller 1.0 in November 2022, which offers standard high computing power of 254 Tops. The 1.0 platform utilizes multi-core heterogeneous processors to provide a rich array of high-bandwidth communication interfaces, all designed and validated to meet the high-performance and high-reliability requirements of vehicle applications.

In August 2023, we introduced the HOZI Intelligent Super Controller 2.0 platform to support more advanced EEA. This platform will be powered by a central controller with computing power exceeding 1,000 Tops and interacts with two or three domain controllers. This 2.0 platform will be fully adaptable and is expected to achieve deeper integration of intelligent driving functions.

Our HOZI Intelligent Super Controller meets the high demands of functional safety and information security and supports service-oriented software architecture and personalized OTA technology to deliver a more enriching interactive experience and a higher-quality driving experience for users.

HOZI Intelligent Electric Motor (浩智電驅)

The HOZI Intelligent Electric Motor system is a versatile product line that includes both a 400V medium-voltage platform and an 800V high-voltage silicon carbide platform. This system features a highly integrated design, which reduces the number of structural components, lowers costs and enhances operational reliability.

The system uses a three-in-one solution that includes motors, reducers and controllers. This design helps reduce the size and weight of motor systems, making them more cost-effective. Additionally, the motor and reducers are combined into a single unit, while the motor and controller share a cooling circulation system, resulting in a more compact structure.

HOZI Intelligent Range Extender (浩智增程)

The HOZI Intelligent Range Extender is a rapid energy replenishment technology for NEVs designed to charge the power battery system and supply the necessary electrical energy for the electric drive system at the same time. This reduces battery usage, lowers vehicle costs, extends driving range and alleviates range anxiety.

Our range extender uses an innovative, compact direct connection between the engine and the generator. This design improves mechanical transmission efficiency, reduces the risk of component failure and saves costs. The generator and its controller are integrated into a single unit to save space in the front compartment, resulting a compact, lightweight and reliable system.

This range extender is currently used in our Neta L REEV model to help ensure safe travel even in extreme cold winter conditions or in the event of battery failure.

Tiangong Battery System

We have developed the Neta Tiangong battery system, a highly integrated, safe and long-lasting power battery system. This system boasts industry-leading energy density up to 191.8 Wh/kg and high level of safety without thermal runaway.

Model Selection Test

We collaborate with battery suppliers to test the performance and safety of batteries during the model development and selection stages. As part of our rigorous testing system, we have conducted over 900 self-built performance and safety abuse tests. These tests provide reliable data to support the design of battery pack's electromechanical structure and development of high-performance thermal management. As a result, our battery cells are highly resistant to extreme temperatures, demonstrating safety in tests ranging from -40°C to 85°C and enduring 130°C for 30 minutes. These cells can also withstand forces over 1,000 times their weight without damage and maintain integrity during direct external short circuits.

Thermal Safety

We use high-temperature resistant materials between the cells in our modules to help effectively prevent the axial spread of thermal runaway from a single cell. Our battery packs are designed with flow and gas guide structures and optimized through flow field and thermal field simulations. We also use high-temperature resistant mica material to cover areas susceptible to heat damage. As a result, our battery packs can achieve zero thermal spread during thermal runaway tests.

Mechanical Safety

The upper shell of Tiangong battery is made from high-temperature resistant and high-strength composite material. The lower shell is constructed from 6061-T6 high-strength extruded aluminum. Tiangong battery features a grid-structured design with cross and longitudinal beams to help ensure the main structure of the battery pack remains free from plastic deformation during vehicle collisions. Additionally, the entire battery pack meets the IPX8 protection grade, ensuring zero water seepage for up to 48 hours.

Proactively Safety

Tiangong battery is equipped with HOZI's independently developed intelligent domain control system. This system collects extensive battery pack data 24/7 and transmits parameters in real-time to our cloud for ongoing statistics, calibration and analysis. This enables us to monitor a battery pack's entire lifecycle and detect and provide early warnings about potential damage, performance concerns and other issues.

Vehicle-to-Grid (V2G) Technology

We are pioneers in the research and development of vehicle-to-grid (V2G) technologies. V2G supports electricity load shifting, enhances grid stability and operational efficiency and provides additional earnings for vehicle owners who participate in electric energy trading.

We have developed advanced algorithms for two-way interactive battery maintenance, health status detection and anti-aggregation scheduling to enhance battery safety and longevity. Additionally, we have improved the transmission efficiency of lithium-ion power batteries while ensuring safety through algorithms such as "low temperature heating," "life control," and "safety warning." These innovations enable reliable vehicle-to-grid (V2G) interactions under various climate conditions.

VEHICLE DESIGN AND ENGINEERING

We have strong capabilities in vehicle development. Our Beijing Design Center focuses on the styling and aesthetic design of our vehicle models. Our vehicle design and engineering team consists of innovative and experienced designers and engineers from well-known Chinese and international automakers and tech companies.

We have developed detailed product development and quality assurance processes to help ensure our products are of high-quality and meet our design specifications. We use computer-aided engineering simulation analysis throughout the design and engineering process to optimize the performance and reliability of our vehicles. During the engineering verification stage, we conduct performance and reliability testing in our labs and on our testing grounds. Before launching a vehicle, we perform durability and intelligent driving tests in complex road scenarios using mileage accumulation fleets. This helps verify a vehicle's performance under various conditions, which help ensure the vehicle can withstand extreme weather and road scenarios while maintaining high-performance and reliability.

MANUFACTURING, SUPPLY CHAIN, AND QUALITY CONTROL

Manufacturing

All our vehicles are manufactured in our own factories in China or by our overseas manufacturing partners. Currently, we operate one vehicle factory in Tongxiang as well as several vehicle parts factories in China. In addition, we entrust local manufacturing partners in Thailand and Indonesia to complete certain manufacturing process. We have also signed an agreement with a manufacturing partner in Malaysia and expect to commence production for our vehicles in early 2025. The following table sets out the details of our principal manufacturing facilities for passenger vehicles as of the Latest Practicable Date:

	Location	Production commencement date for our vehicles	Gross floor area
			(approximate sq.m.)
Self-operated factory in China			
Tongxiang factory	Tongxiang, Zhejiang Province	May 2018	103,000
Contracted overseas manufacturing partners			
Thailand factory	Bangkok, Thailand	March 2024	32,000
Indonesia factory	Bekasi, Indonesia	May 2024	80,000
Malaysia factory	Negeri Sembilan, Malaysia	Early 2025	141,100

Self-operated factories in China

Our Tongxiang factory is admitted by the NDRC to manufacture NEV vehicles. Taking into account the additional shifts and workdays throughout the years, the support of our vehicle parts factories, as well as certain technical enhancement projects, our Tongxiang factory is able to attain an annual maximum production capacity of approximately 160,000 vehicles as of

December 31, 2023. During the Track Record, we produced 70,116, 155,460 and 116,364 vehicles in 2021, 2022 and 2023, respectively, representing utilization rate of 43.8%, 97.2% and 72.7% of our annual maximum production capability as of December 31, 2023, respectively. During the Track Record Period, the utilization rate of our Tongxiang factory is attributed to the launch of new models and the demand for our automobile offerings.

Going forward, our Tongxiang factory will be supplemented by our contracted overseas manufacturing partners to further enhance and streamline our global supply set-up, as part of our internationalization initiative. The interaction between our vehicle parts factories and vehicle manufacturing factories is further set out in "— Our Internationalized Supply Set-up" below.

Entrustment with overseas manufacturing partners

We have adopted an asset-light business model for our overseas expansion through the leveraging of our local manufacturing partners' extensive resources in manufacturing, supply chain, logistics infrastructure and human capital. We entrust local manufacturing partners in Thailand, Indonesia and Malaysia, each an Independent Third Party, to enhance our local presence and manufacturing capability in the Southeast Asia market with a view to (1) reducing manufacturing and logistics costs for subsequent sales in Southeast Asia, (2) optimizing capital expenditure for our international expansion.

We benefit from our local manufacturing partners' state-of-the-art manufacturing facilities and their extensive experience in providing manufacturing services for globally leading vehicle brands. This allows us to operate under a highly scalable model that can efficiently execute our business plan with limited upfront capital commitment. Leveraging our local manufacturing partners' local logistics infrastructure and the local logistics partner, we can quickly ship our vehicle models to local direct sales stores and dealer stores with lower costs.

Our Thailand factory and Indonesia factory commenced production for our vehicles in March 2024 and May 2024, respectively, and each had an annual production capacity of [30,000] vehicles. Each of our manufacturing partners in Thailand and Indonesia has an operating history of more than 50 years, and was accredited with various ISO certificates, demonstrating its reliable production quality and commitment to environmental protection. As of the Latest Practicable Date, we further signed an entrustment agreement with a manufacturing partner in Malaysia. Our Malaysia factory is expected to commence production for our vehicles in early 2025 and have an annual production capacity of 15,000 vehicles.

Our Internationalized Supply Set-up

We believe our Tongxiang factory and local manufacturing partners would, as a whole, significantly enhance our ability to expand our global operations more quickly, efficiently, and cost-effectively than other NEV companies. Under our internationalized supply set-up, we manufacture modular parts in China and source key components in China and in overseas jurisdictions. These modular parts will then be delivered to our Tongxiang factory and overseas manufacturing partners for the completion of the remaining manufacturing process.

Our internationalized supply set-up has also enabled us to adequately optimize our investment in China and overseas, to contribute to local economies, and to capitalize on any benefits provided to locally manufactured NEVs, which in turn enhances our brand equity in China and overseas and increases our competitiveness against other NEV companies.

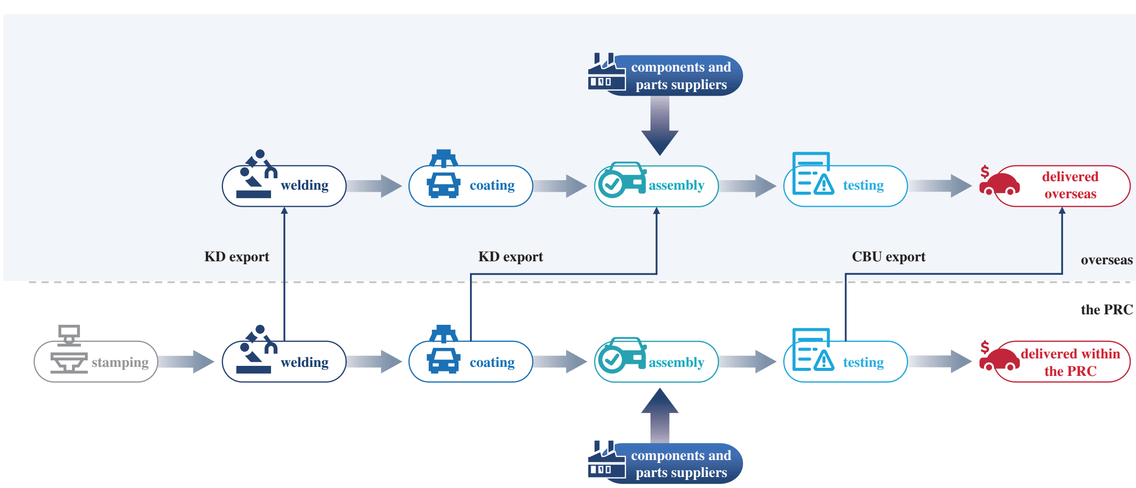
In terms of control and quality assurance on our manufacturing facilities, we designate manufacturing specialists to our manufacturing facility in China and overseas to oversee the compliance with our manufacturing standard operating procedures, testing protocol and quality control manual, to ensure consistency and quality. In particular, our manufacturing partners would also modify their factories to accommodate our production line needs on as needed basis. This includes adding specialized and designated equipment and machinery, as well as providing training to their staff to work with our components and follow our assembly processes. To this end, we can effectively control the supply chain, manufacturing process and ensure the quality of our products to be sold.

As part of our international expansion initiatives, we are also conducting feasibility study to establish manufacturing capacity through collaboration with overseas manufacturing partners in different jurisdictions or regions which we see growth potential, taking into account growth potential in sales, manufacturing and logistics costs, and applicable laws and regulations, among others.

Manufacturing Process

The principal steps in the NEV manufacturing process include stamping, welding, painting, and assembly. In the stamping workshop, steel plates are stamped into vehicle body parts. In the welding workshop, a vehicle body is formed by welding the relevant vehicle body parts produced by the stamping workshop and other third-party sourced stamped parts. In the painting workshop, we use various processes, including electrophoresis painting, gluing, layer painting, and coating, to guard against corrosion. The complete chassis, body, battery pack, and other parts are then assembled into a complete vehicle in the assembly workshop. After inspection and road test, the complete vehicle is put in stock.

Our internationalized supply set-up and manufacturing process are illustrated in the following graph:



Supply Chain

Overview

We source parts from over 500 suppliers for our vehicles. We expect to benefit from economies of scale as we ramp up our production. We have developed and maintained close relationships with key suppliers, such as CATL and CRRC Times Electric Drive Technology Co.. We generally co-develop customized components with our suppliers.

We make sourcing decisions taking into account a supplier's research and development capability, quality, cost, logistics and packaging. Similar to other automakers, we procure many components from a single source for management and operating efficiency, while having identified alternative suppliers as back-ups. We have identified alternative suppliers as back-ups. In light of market conditions and our precautionary measures, we believe that the use of single-source suppliers, which is customary in the automotive industry, does not affect our business sustainability.

We closely monitor the supply of our key components, including semiconductor chips. We proactively coordinate with our chip suppliers to procure sufficient supply. As of the Latest Practicable Date, we had not experienced any material disruption in the manufacture of our vehicles due to a shortage in the supply of any major components.

Major suppliers

Our suppliers primarily include battery pack manufacturers, automotive electronics and service suppliers. Purchases from our five largest suppliers accounted for 31.3%, 33.1% and 33.2% of our total purchases in 2021, 2022 and 2023, respectively. Our largest supplier accounted for 13.4%, 17.7% and 18.6% of our total purchases in 2021, 2022 and 2023, respectively.

The tables below set forth certain information with respect to our five largest suppliers during the Track Record Period.

For the year ended December 31, 2023

Supplier	Purchase amount	Percentage of total purchase amount	Commencement of business relationship	Payment method	Primary products/services purchased
	(RMB in millions)	%			
Supplier A[(1)]	3,219.5	18.6	2017	Bank transfer/ bank bills	Cells, models and battery packs
Supplier B[(2)]	921.8	5.3	2022	Bank transfer/ bank bills	battery packs
Supplier C[(3)]	737.0	4.3	2020	Bank transfer/ bank bills	battery packs
Supplier D[(4)]	454.0	2.6	2019	Bank transfer/ bank bills	motors
Supplier E[(5)]	407.0	2.4	2016	Bank transfer/ bank bills	battery packs
Total	5,739.2	33.2			

For the year ended December 31, 2022

Supplier	Purchase amount	Percentage of total purchase amount	Commencement of business relationship	Payment method	Primary products/services purchased
	(RMB in millions)	*%*			
Supplier A[(1)]	3,326.6	17.7	2017	Bank transfer/ bank bills	Cells, models and battery packs
Supplier C[(3)]	948.1	5.0	2020	Bank transfer/ bank bills	battery packs
Supplier F[(6)]	746.7	4.0	2020	Bank transfer/ bank bills	models
Supplier G[(7)]	678.4	3.6	2017	Bank transfer/ bank bills	models
Supplier E[(5)]	533.5	2.8	2016	Bank transfer/ bank bills	battery packs
Total	6,233.4	33.1			

For the year ended December 31, 2021

Supplier	Purchase amount	Percentage of total purchase amount	Commencement of business relationship	Payment method	Primary products/services purchased
	(RMB in millions)	*%*			
Supplier A[(1)]	1,194.5	13.4	2017	Bank transfer/ bank bills	Cells, models and battery packs
Supplier E[(5)]	591.7	6.6	2016	Bank transfer/ bank bills	battery packs
Supplier F[(6)]	449.2	5.0	2020	Bank transfer/ bank bills	models
Supplier H[(8)]	288.8	3.2	2020	Bank transfer/ bank bills	coating production line
Supplier I[(9)]	272.6	3.1	2018	Bank transfer/ bank bills	semi-weldments
Total	2,796.8	31.3			

Notes:

(1) A company engaged in R&D and manufacturing of power batteries and energy storage systems.

(2) A company engaged in battery manufacturing, battery sales, and research and development of emerging energy technologies.

(3) A company engaged in R&D, manufacturing and innovation of battery materials, cells, modules, BMS energy storage systems and solar energy technology.

(4) A company engaged in rail transit, new energy generation, power electronic devices, automotive electric drive, industrial electrical and marine equipment.

(5) A company engaged in R&D, production and sales of lithium ion battery pack, battery boxes and battery management systems.

(6) A company engaged in R&D, production and sales of lithium-ion power batteries and supporting materials.

(7) A company engaged in power battery production.

(8) A company engaged in automotive painting and whole factory logistics transportation.

(9) A company engaged in R&D, manufacturing and sales of automotive parts and accessories.

One of the five largest suppliers in 2021 and 2022, HD Glabat Power Battery Co. Ltd., is an affiliate of Beijing Huading New Power Equity Investment Fund (Limited Partnership), a shareholder of our Company. Other than that, during the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers.

Certain major suppliers were also our vehicle customers during the Track Record Period, and the aggregate revenue we derived from them represented nil, nil and 0.1% of our revenue in 2021, 2022 and 2023, respectively.

Quality Control

Our systematic quality control measures are benchmarked against good practices in the automotive industry. We have established an effective quality management system based on the internationally accepted automotive industry quality management standard IATF16949 to track the full lifecycle of a vehicle, from design, procurement, production, sales and marketing to aftersales services. These measures enable us to maintain high quality of our products and services while keeping costs under control. In addition, to address the security requirements for intelligent and connected vehicles, we have established a vehicle network security system based on UN R155 and UN R156 regulations and ISO21434 standards, an enterprise information security system based on ISO27001 and a functional safety process based on ISO26262, and have implemented software development process maturity management under ASPICE standards. We have also established a rigorous testing system based on the ISO/IEC 17025 standard.

At each important nodes along our vehicle development process, we set up relevant checkpoints for thorough reviews. This helps ensure that we accomplish our targets before moving forward. Before introducing each new model, we conduct a range of tests under various temperature, geographical and environmental conditions.

In addition, we implement strict quality control measures and apply advanced testing equipment and methods in the entire manufacturing process to help ensure each of our vehicles meets high quality standards. Our factories equip manufacturing execution system or MES system to monitor the key process of production. Our rigorous quality control measures enable us to deliver consistent products and services to our users.

Our strict quality control have earned us widespread market recognition and industry honors. In 2023, Neta S ranked No. 1 among mid-to-large NEV models in the Quality Ranking of Chinese NEV Brands. In 2023, J.D. Power, a global consumer insights and market research firm, ranked Neta U No. 1 for best quality among China's compact pure-electric vehicle producers.

As of the Latest Practicable Date, our vehicles had not experienced any product defects leading to product recall incidents.

SALES AND MARKETING

Sales and Service Network

We have established comprehensive online and offline channels for product promotion, sales and services. We sell and distribute our vehicles in China through an integrated network that includes our Neta direct sales stores as direct sales channel, alongside with the distributor channel consistent with industry practice, which mainly consists of Neta City Partners (城市合夥人) operating Neta dealer stores and Corporate Channel Partners (大客戶經銷商). We extend our reach to overseas markets, such as Southeast Asia and Latin America, mainly by collaborating with overseas distributors. The following table sets out our various distribution channels and their respective revenue contribution in absolute numbers and as a percentage of our total revenues for the Track Record Period.

	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct Sales	1,180,753	30.4%	2,875,983	25.3%	2,519,574	19.6%
Neta City Partners	2,540,018	65.4%	7,584,963	66.7%	6,884,099	53.7%
Corporate Channel Partners	165,567	4.3%	671,123	5.9%	1,808,523	14.1%
Overseas Distributors	–	–	240,661	2.1%	1,620,153	12.6%
Total Revenue	**3,886,338**	**100.0%**	**11,372,730**	**100.0%**	**12,832,349**	**100.0%**

China

We have built our own sales network. Through our Neta direct sales stores, we directly interact with customers, which enables us to better adapt our products to evolving market demands and promote new model development and technological breakthroughs. We provide a comprehensive vehicle display, experience, test drives, sales and after sale customer services at our Neta direct sales stores. Under our direct sales stores, we also engage referral partners which generate sales lead and guide the consumers to our Neta direct sales stores or our websites to complete sales orders, to whom we pay commission upon successful orders. We also engage distributors as our Neta City Partners who operate Neta dealer stores and offer similar services as our Neta direct sales stores. In addition, we work with Corporate Channel Partners who bulk purchase our vehicles to resell to organizations such as ride-hailing companies, taxi companies and driving schools.

Our online and offline sales and service networks are integrated. Customers can place order orders through our Neta APP and Neta website after visiting our Neta direct sales stores or Neta dealer stores. We will then follow up with them, arrange for shipment to the selected stores, finish delivery and provide after-sales services. The following table shows the number of Neta stores in China during the Track Record Period.

	2021	2022	2023
Number of Neta direct sales stores	74	111	114
Number of Neta dealer stores	260	330	425
Total number of Neta stores	**334**	**441**	**539**

Our Neta City Partners help us quickly expand market reach while minimize our investment in sales infrastructure and maximize our flexibility. We consider various factors when selecting our Neta City Partners, including industry experience, operational strength, reputation, location, store specifications, ability to reach consumers in a specific geographic area and financial condition. Our Neta City Partners are primarily national auto sales groups and regional core sales companies that specialize in vehicle sales and service, who have sufficient financial resources for setting up and operating our Neta dealer stores and extensive experience in providing vehicle sales, repair and maintenance services.

The following table sets forth the changes in the number of our Neta City Partners during the Track Record Period.

	2021	**2022**	**2023**
Number of Neta City Partners at the beginning of the period	156	238	319
Number of Neta City Partners added during the period	114	103	166
Number of Neta City Partners terminated during the period	32	22	69
Number of Neta City Partners at the end of the period	238	319	416

Overseas

We begin our overseas expansion since 2022 with Thailand as our first destination. As of December 31, 2023, we worked with approximately 80 overseas distributors in 23 countries and regions. Through successful execution of our global strategy, we expanded international sales significantly during the Track Record Period. In 2023, vehicles delivered overseas accounted for 13.7% of vehicles delivered globally, respectively.

In selecting our overseas distributors, we consider a range of factors such as a distributor's experience, financial strength, network and capabilities.

We select reputable local automobile dealers and agents to partner with as overseas distributors. In jurisdictions where we see significant market potential and returns, we establish local subsidiaries to develop a network of local authorised dealers, similar to Neta City Partners in China ("Overseas Authorised Dealers"). Overseas Authorised Dealers may operate Neta dealer stores in local jurisdictions. In up and coming jurisdictions, we usually engage overseas agents ("Overseas Agents") and provide them greater flexibility to explore market potential for Neta vehicles in these jurisdictions.

The following table sets for the number of our overseas distributors for the periods indicated.

	2021	**2022**	**2023**
Number of overseas distributors at the beginning of the period	–	–	21
Number of overseas distributors added during the period	–	21	62
Number of overseas distributors terminated during the period	–	–	2
Number of overseas distributors at the end of the period	–	21	81

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our distributors. To the knowledge of our Directors, all of our distributors were independent third parties during the Track Record Period and up to the Latest Practicable Date other than (i) Huizhong Tianxia (Jiangsu) New Energy Technology Co., Ltd., a company that we hold 45% equity interests in and have significant influence over and (ii) Nanning Industrial Investment Chain Rong Technology Co., Ltd., which is wholly-owned by Nanning Industrial Investment Group Co., Ltd., a limited partner of Nanning Fund. All of our distributors did not have any other relationships with our Company.

Salient terms with our Distributors

The following table sets forth a summary of the key commercial terms and arrangements that we typically enter into with our Neta City Partners, Corporate Channel Partners and overseas distributors:

	Neta City Partners and Overseas Authorised Dealers	**Corporate Channel Partners**	**Overseas Agents**
Distribution Focus and Approach	As authorised sales intermediaries to provide sales, maintenance and repair services, and may also operate Neta dealer stores.	As intermediary for certain targeted corporate customers for bulk purchases	As local authorized agent of Neta vehicles for the import, distribution, maintenance and repair of Neta vehicles.
Term	Fixed term, typically for one year without automatic renewal clauses.	Fixed term, typically for one year without automatic renewal clauses.	Fixed term, typically for three or five years without automatic renewal clauses.
Payment and credit terms	Purchase prices of vehicles to be paid by Neta City Partners and Overseas Authorised Dealers to us before vehicle delivery.	Purchase prices of vehicles are generally paid by Corporate Channel Partners to us before vehicle delivery. Credit period could be provided upon approval from senior management.	Purchase prices of vehicles to be paid by overseas agents to us before vehicle delivery.
Performance Bonds	Performance bonds are paid by Neta City Partners upon signing of distributorship agreement.	Performance bonds are paid by Corporate Channel Partners upon signing of distributorship agreement.	N/A
Delivery and Logistics	We deliver vehicles to Neta City Partners at our manufacturing facility or their designated locations, and to the premises of our Overseas Authorised Dealers in overseas jurisdictions. Any logistics expenses after delivery to be borne by Neta City Partners and Overseas Authorised Dealers.	We deliver vehicles to Corporate Channel Partners at their designated locations. Any additional logistics expenses after delivery to such locations to be borne by Corporate Channel Partners.	To be agreed with overseas agents on case-by-case basis. Typical incoterms including FOB, CIF, CFR and EXW would be used subject to mutual agreement.

	Neta City Partners and Overseas Authorised Dealers	Corporate Channel Partners	Overseas Agents
Pricing Policy	We provide guidance price list for our vehicles to Neta City Partners and Overseas Authorised Dealers.	We provide guidance price list for our vehicles to Corporate Channel Partners.	We provide suggested vehicle retail prices to overseas agents.
Return Policy	Return only available for products with quality issues pursuant to applicable laws and regulations.	Return only available for products with quality issues pursuant to applicable laws and regulations.	N/A
Sales Incentives	Rebates and/or commissions available upon achieving sales targets designated by us.	Commission available upon achieving sales targets designated by us.	N/A
Minimum Purchase Commitment	While there is no minimum purchase commitment, distributors may be terminated if their sales performance do not meet the sales target for a period of time.	While there is no minimum purchase commitment, distributors may be terminated if their sales performance do not meet the sales target for a period of time.	The minimum number of vehicles to be imported is agreed on a case-by-case basis.
Appointment of Sub-Distributors	We require Neta City Partners and Overseas Authorised Dealers to notify us prior to appointing any sub-distributors.	N/A	Sub-distributors can be appointed by our overseas agents.
Exclusivity	No exclusivity in general.	No exclusivity in general.	N/A
Termination	Upon occurrence of certain customary termination events, we may unilaterally terminate the distributorship agreement.	Upon occurrence of certain customary termination events, we may unilaterally terminate the distributorship agreement.	Upon mutual agreement, or upon occurrence of certain customary termination events, we may unilaterally terminate the distributorship agreement.

Management of our Distributors

We adopt a comprehensive policy to manage our distribution network with the following focus areas:

- **Receivables and Returns Management:** We require Neta City Partners and Corporate Channel Partners and our overseas distributors to make full payment for our vehicles before making deliveries to them. Credit period could be provided upon approval from senior management. We recognise revenue from our distributors as and when the control of the vehicles is passed to them. Same as our direct sales in Neta direct stores, we do not accept returns except for product defects.

- **Sales and Inventory Management:** We monitor and record the purchase and sales of our vehicles and the inventory levels of our Neta City Partners and Corporate Channel Partners through the Dealer Management System, or the DMS System. Through this system, we have realized full process network monitoring of vehicle procurement, sales, inventory and after-sales. In China, we can further monitor the actual demands of our vehicles through the vehicle registration system in China. Through these two systems, we have better visibility as to the inventory turnover of our Neta City Partners and Corporate Channel Partners. To reduce channel stuffing risks, we recommend a reasonable inventory level for our Neta City Partners and Corporate Channel Partners and conduct regular inventory checks on them without severe channel stuffing risks to us. For referral partners, as the end-customers purchase vehicles directly from us, we typically confirm the referral data with our referral partners on a regular basis to ensure that they have met their sales target. As our overseas distributors do not have access to our DMS system, we generally manage them by setting up sales targets for them and collecting inventory data from them.

  We believe our sales generally match end-consumer demand and therefore our vehicles are at low risk of channel stuffing in our distribution network, because (i) most of the time we deliver our vehicles to our distributors after they have made payment, and we can monitor the vehicle registration system to ensure that our distributors do sell our vehicles to end-consumers, directly or through sub-distributors, (ii) we generally do not allow returns of vehicles except for product defects.

- **Channel Management Strategy:** To effectively manage our Neta City Partners which operates Neta dealer stores, we have established a dedicated channel development department responsible for overseeing channel development at all levels. We adopt a strategic approach to develop sales channels in each specific geographical region, taking into careful consideration factors such as the number of direct sales stores, distributor coverage and geographical proximity between different channels. In China, we require each Neta dealer store be located no less than 5 kilometers from one another to reduce cannibalization risks. In addition, we continually monitor and analyze the performance of each sales channel to help ensure that they work in synergy as opposed to competing against each other. By implementing a robust channel management strategy, we believe we can optimize the performance of each channel and prevent cannibalization.

- **Pricing policy:** We develop a comprehensive pricing policy that encompasses all our sales channels. This policy outlines the pricing guidelines, taking into account factors such as production costs, market demand, competitor pricing and target profit margins. It serves as a reference point for all sales channels, ensuring consistency in pricing decisions. Our Neta City Partners, Overseas Authorised Dealers and Corporate Channel Partners can only make necessary adjustments in accordance with the specific situation based on the suggested retail price. We implement monitoring mechanisms to track pricing activities across different sales channels. In case of any deviations or inconsistencies, we may address them promptly through direct communication with the concerned distributors. This helps maintain price integrity and prevents pricing competition. We require our Neta City Partners, Overseas Authorised Dealers and Corporate Channel Partners to comply with the unified pricing guideline and may reduce the commission or impose penalties.

- **Compliance Management:** We require our Neta City Partners, Overseas Authorised Dealers and Corporate Channel Partners to strictly comply with relevant laws and regulations, as well as our requirements for distributors, in their sales practice. If any of our distributors fails to comply with the relevant laws and regulations, or our requirements for distributors, we may reserve the right to unilaterally terminate our distributorship agreement with them forthwith.

- **Sub-distributors:** Our Neta City Partners are allowed to engage, on their own, certain sub-distributors to perform their obligations under their distribution agreements with us, especially when our Neta City Partners cannot and fully or directly cover remote or unfamiliar markets in their designated areas. In general, we do not directly enter into contracts with sub-distributors but require our Neta City Partners to notify us upon engagement of sub-distributors and log sales and delivery of our vehicles made by the sub-distributors into the DMS system. We track these orders, similar to what we do for distributors. Our Overseas Agents will also engage local agents to support the distributions. According to the CIC Report, it is not an uncommon industry practice to rely on sub-distributors to sell vehicles without entering into contractual relationships with such sub-distributors. To better manage our distribution channels, we have started to provide access for certain sub-distributors to our DMS system so that the sub-distributors can provide sales record to us to enable us to monitor the inventory levels at sub-distributor level. To the best of our knowledge, our Neta City Partners, Overseas Authorised Dealers and Corporate Channel Partners also visit and regulate the sub-distributors on a regular basis to help ensure that the sub- distributors' compliance with the relevant compliance requirement.

Pricing

We price our vehicles considering a variety of factors from both demand and supply perspectives. From a demand perspective, we analyze the budgets and spending patterns of our target customer group and the competitive market position of our vehicles. We also consider user expectation for the pricing of smart NEVs under the current industry landscape, our brand value and our bargaining power. From a supply perspective, we price our vehicles with reference to market dynamics, our financial performance, our investment in research and development, raw material and manufacturing costs and the level of margin we target to achieve in light of the relevant costs and expenses.

Marketing

We conduct offline marketing activities in our Neta direct stores, Neta dealer stores and the stores of our overseas distributors and organize other marketing events such as motor shows technology launches, brand days and user days. We also actively participate in global and regional auto shows, such as the ASEAN Expo and World Smart Grid Conference to expand Neta's international brand awareness and visibility in the NEV industry.

In addition to offline marketing channels, we also promote our products and services through a variety of online channels, including (i) our own Neta APP and Neta website, (ii) our official accounts on major online social media platforms, (iii) advertising placements on online portals, and (iv) our online stores on e-commerce platforms. We are dedicated to cultivating and maintaining a highly cohesive customer community. We provide high-quality customer service and encourage our users to register as Neta members to post reviews, driving experience, and other general feedback of our smart NEVs through our Neta APP, Neta website and other social media platforms. In particular, we have developed our Neta APP as an integrated platform for buying, using, selling and communicating with our customers. Customers can share their product experiences, exchange ideas on vehicle use, and provide feedback on other needs on Neta APP. We reward active Neta members by granting reward points that can be exchanged for daily necessities, vehicle supporting products and other benefits. We believe the online and offline user interactions drive word-of-mouth referrals and reduce our user acquisition costs. As of December 31, 2023, we had over 1.1 million registered users on our own platforms and 2.4 million followers on social media and e-commerce platforms. In 2023, 15.1% of the our new orders are from consumers who are referred to our products by our existing consumers.

OUR SERVICE OFFERINGS

We offer Neta owners charging solutions, servicing and warranty and various value-added services. Neta owners can access our service offerings via our Neta APP or by visiting an offline Neta service center.

Charging Solutions

We are committed to providing Neta owners with convenient and diversified charging solutions for our users through the Neta power up network. We aim to create our own charging service brand, Neta Charging, to make charging easier and more comfortable for users.

Neta power up covers four major charging scenarios to meet users' full-scenario charging needs: home chargers, intelligent fast charging, power up maps and valet charging. Through an asset-light model, we integrate our charging solutions with many of the top domestic power operators to achieve deep strategic cooperation, improve charging solutions and expand charging resources. We expect to continue to expand the coverage of the Neta power up network to provide better charging experiences for users.

Home Chargers

We offer home chargers for initial Neta owners free of charge and offer installation services for certain vehicle models. Users can schedule charging services via our Neta APP or Neta WeChat mini program. As of the Latest Practicable Date, we had installed 206,006 home chargers in China.

We released our Neta First-Generation Home Charger in May 2022 and our Neta Second-Generation Home Charger (7-kilowatt peak power) in October 2022. Our Neta Home Charger series enable users to remotely monitor and manage their charging sessions through our app, support remote OTA online upgrades and multi-user charging and features plug-and-charge capability.

We released our Neta Second-Generation Home Charger (20-kilowatt peak power) in August 2023. Compared with the previous version, Neta Second-Generation Home Charger (20-kilowatt peak power) only takes approximately one third of the time to fully charge a vehicle.

Intelligent Fast Charging

We cooperate with third-party service providers to operate convenient fast charging stations around Neta owners' driving destinations, such as shopping malls, supermarkets and traffic distribution centers. As of the Latest Practicable Date, we had cooperated with most of third-party public charging stations in China, including State Grid, StarCharge and Xiaoju Charging. We are one of few electric automakers that offer users nationwide complimentary charging services.

Power Up Map

Neta owners can choose to charge through Neta power up map at most third-party public charging stations, including State Grid, StarCharge and Xiaoju Charging. Our navigation systems, Neta APP, and Neta WeChat mini program assist users in quickly finding the nearest charging stations and guiding them through the entire charging experience. We plan to further expand the coverage of public charging resources to achieve a three-kilometer charging coverage in core cities and create a "charging at the doorstep" experience for our users.

Valet Power Up

Together with third-party service providers, we provide users with valet power up services. Once ordered via the Neta APP, our professional valet charging service team picks up a vehicle at user's designated location for valet charging and returns the vehicle once 90% charged, typically within two hours. During the charging process, users can monitor the progress and vehicle location in real-time through the Neta APP. As of the Latest Practicable Date, we had provided more than 54,000 times of valet charging services in over 170 cities in China.

Warranty and Servicing

We offer a three- or four-year (depending on different vehicle models), or 120,000-kilometer (whichever comes first) limited warranty for new vehicles. We provide our customers with a lifetime warranty for battery packs, electric motors and electric motor controllers, provided that (i) our customer is the first-hand owner; (ii) the vehicle is used for non-operating purpose; and (iii) our customer drives no more than 30,000 kilometers in any 12 consecutive months. Otherwise, we offer an eight-year or 150,000-kilometer (whichever comes first) limited warranty for battery packs, electric motors and electric motor controllers. Selected initial Neta owners may enjoy lifetime warranty, subject to certain conditions. We offer free roadside assistance during the warranty coverage 24 hours a day, 7 days a week, for quality-related rescue services.

We accrue a warranty reserve for vehicles sold based on the estimates of the nature, frequency and average costs of future claims. We reevaluate the adequacy of warranty accrual on a regular basis. As of December 31, 2021, 2022 and 2023, our service warranties were RMB41.0 million, RMB109.9 million and RMB152.0 million, respectively. In 2021, 2022 and 2023, our warranty expenses amounted to RMB37.8 million, RMB117.1 million and RMB120.4 million, respectively.

We have created a Neta Care+ full-scenario service model to provide Neta owners remote diagnostics, health monitoring and fault warnings services to help ensure comprehensive protection while driving. To meet the full-scenario service needs of Neta owners, Neta Care+ provide related services such as door-to-door pick-up and drop-off and maintenance courtesy cars to help ensure worry-free travel for Neta owners.

Value-Added Service

We offer the following value-added services to Neta owners.

- ***Non-auto insurance services***. Owning a car can come with various risks, such as external accidents and internal malfunctions. To address these risks, we offer a range of non-auto insurance products specifically for Neta owners. These products provide tailored protection for components like battery, air conditioning, screen and tires. Neta owners can choose the coverage that best suits their needs to receive appropriate protection when risks arise.

  We partner with multiple insurance companies to deliver non-auto insurance products. In the event of a covered risk, Neta owners will receive compensation as specified in their insurance contract, and we will promptly offer repair services to ensure an optimal customer experience.

- ***Membership services***. Our membership services meet users' needs in various scenarios, including door-to-door vehicle pick-up and delivery, one-click maintenance, roadside assistance and designated driving.

  Our independently developed remote intelligent diagnosis system can monitor the performance status of each vehicle in real time upon user's request. This system can remotely diagnose most electrical and software issues and fix certain problems through targeted over-the-air (OTA) updates. For more complex issues, our remote diagnosis platform allows our expert team to provide joint diagnosis and guide stores and mobile service teams to quickly locate and resolve system failures.

- ***OTA (Over-The-Air) upgrades***. We offer OTA upgrades to remotely update our vehicle software, enhance software performance, fix bugs and add new features. Our self-developed end-to-end OTA system is a cloud-to-end solution that utilizes core technologies such as Ethernet, differential upgrades, parallel upgrades and UDS diagnostic refresh protocols based on the CAN bus protocol. Our cloud-based management platform features a software firmware repository, upgraded configurations and big data monitoring and analysis. Additionally, our PKI-based system encrypts vehicles, clouds and mobile phones.

Throughout a vehicle's lifecycle, we proactively collect user feedback and suggestions, integrate them with forward-looking product feature planning and regularly push OTA updates. This helps ensure our users receive timely and reliable software upgrades. Our comprehensive OTA lifecycle operation management service system and related technical capabilities enable us to provide the latest and best value-added services promptly.

Since its release, the Neta V model has undergone seven OTA upgrades, adding various new features such as intelligent scenario recommendations and full-screen rearview mirrors, and optimizing various features in the intelligent cockpit system, vehicle control system, battery management system and air conditioning control system such as intelligent voice, intelligent charging and temperature control strategies. The Neta U model has also undergone seven OTA upgrades, adding various features such as fatigue monitoring, remote one-click defrosting and ACC activation energy recovery, while optimizing various features such as wireless charging, rhythmic ambient lighting and face recognition.

OUR PATH TO PROFITABILITY

We recorded gross losses and net losses in the Track Record Period. We plan to take the following measures to achieve profitability:

- continually launching new vehicle models and conducting rapid product iterations with a focus on products with higher selling prices. The average selling price of our vehicle models increased from approximately RMB71,000 in 2021 to approximately RMB84,000 in 2022 and further to approximately RMB109,000 in 2023 and RMB113,000 in the first four months of 2024. We expect this trend to continue in future.

- further expanding overseas market presence to increase our revenue and profitability by tailoring our products, services and strategies to each overseas market's characteristics and customer needs.

- providing more value-added services such as hourly rental services, battery cycle utilization services and software subscriptions to increase our revenue source.

- continuing to implement our strategy to develop key vehicle parts in-house and procure non-key vehicle parts from suppliers to improve our overall cost-effectiveness.

- further improving manufacturing efficiency through technology innovation and economy of scale as our business grows.

SEASONALITY

Our NEV sales generally decline over January and February, particularly around the Chinese New Year, and gradually pick up over spring and summer. NEV sales generally culminate in the last quarter of a calendar year, which is traditionally an important sales season for the automotive industry.

USER PRIVACY AND DATA SECURITY

We collect and store data related to the use and operation of our ADAS solutions, such as road and traffic conditions. Additionally, we collect data related to the sales and servicing of our vehicles, including names, mobile phone numbers, ID numbers, residence addresses and payment details. We also collect data about our vehicles, such as their condition, location, charging status, servicing status and intelligent system conditions. All this information is collected, stored, transmitted and used with prior user consent in compliance with applicable laws and regulations.

We prioritize data security and privacy protection. Our strict internal control system is designed to safeguard data and privacy. Our Privacy Policy on the Collection, Storage, Transfer, and Use of User Data is available on the Neta APP and our website, detailing the types, purposes, methods, and scope of data collection and use. We only use user data for purposes agreed upon by the user and necessary for providing our services. Additionally, we have established procedures to regulate employee conduct regarding user data, ensuring the protection of user privacy and data security.

We collect, store, transfer and use user data in accordance with applicable laws and regulations, employing commercially reasonable efforts to prevent unauthorized use, breaches, or destruction of user data. We do not disclose sensitive user data to third parties unless required by law, under specific circumstances or with user consent. When processing or analyzing user data, we strictly adhere to the authorization terms and scope of use outlined in the user agreement. We require all business partners to sign non-disclosure agreements, data protection agreements, or agreements with data protection clauses before receiving any user data from us. We enforce strict data access control protocols to help ensure compliance at all employee levels. Although some third-party vendors may access certain user data for legitimate business reasons, we take precautions to protect this data, such as signing individual non-disclosure agreements, enhancing encryption and authentication and masking information. Our business does not involve any cross-border data transfers.

We have established and implemented internal management measures for data security, including but not limited to the Personal Data Protection Management System, Data Asset Management System, Data Compliance Management Procedure, Cyber Security Management System (CSMS) and Information Security Management System (ISMS). These measures help us fulfill our obligations regarding user privacy and data security. Any data provided or shared externally must first be classified and graded according to our internal systems and relevant laws and regulations and be subject to an internal compliance review before it can be shared externally.

Additionally, we have implemented various technical measures to prevent and detect risks to user privacy and data security. These include strict access control mechanisms, encryption, log audits and other technical solutions to monitor and identify potential risks. Our data security capabilities are regularly checked and tested by both our internal data security team and external data security experts to help ensure any vulnerabilities are promptly addressed. Access to our user database is restricted to designated and approved personnel or those with appropriate authorization.

We have adopted and implemented strict internal plans and specialized safety protection measures in compliance with Chinese laws and regulations. We use service providers with specific qualifications to help ensure the safety and legality of map data processing in the development of autonomous driving technology. We do not provide or share any map data with foreign individuals, entities or foreign-owned enterprises established in China. Unauthorized persons are not permitted to access map data from technical tests and road tests. To the best of our knowledge, the data we collect, store, transfer, and use does not involve any state secrets in any material respect. As advised by our PRC Data Compliance Legal Adviser, we have complied with applicable PRC laws and regulations with respect to cybersecurity and data security in all material respects.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with user privacy and data security laws and regulations.

COMPETITION

We operate in a competitive environment. We compete with other NEV companies and traditional OEMs. We may also face competition from new entrants that will increase the level of competition. We believe that the primary competitive factors in our market are technological innovation, styling and design, product quality and safety, product pricing, sales efficiency, cost control, manufacturing efficiency and branding. We believe our accurate market positioning and strong product capabilities, our platform-based R&D system, our global expansion capabilities, our research and development capabilities and optimal user service enable us to capture opportunities in the Chinese and global NEV industry.

CUSTOMERS

Our customers primarily include individual vehicle purchasers, distributors and corporate vehicle purchasers. We have a broad base of customers and we do not believe that we have customer concentration risks. Our five largest customers accounted for 11.7%, 8.6% and 13.0% of our total revenues in 2021, 2022 and 2023, respectively.

The tables below set forth certain information of our top five customers during the Track Record Period.

For the year ended December 31, 2023

Customer	**Sales amount**	**Percentage of total sales**	**Commencement of business relationship**	**Primary products/services sold**
	(RMB in millions)	*%*		
Customer A[(1)]	782.4	5.8	2023	Sales of vehicles and parts
Customer B[(2)]	328.6	2.4	2022	Sales of vehicles and parts
Customer C[(3)]	285.6	2.1	2023	Sales of vehicles and parts
Customer D[(4)]	254.7	1.9	2020	Sales of vehicles and parts
Customer E[(5)]	113.4	0.8	2018	Sales of vehicles and parts
Total	1,764.8	13.0		

For the year ended December 31, 2022

Customer	**Sales amount**	**Percentage of total sales**	**Commencement of business relationship**	**Primary products/services sold**
	(RMB in millions)	*%*		
Customer D[(4)]	456.0	3.5	2020	Sales of vehicles and parts
Customer E[(5)]	196.7	1.5	2020	Sales of vehicles and parts
Customer F[(6)]	165.6	1.3	2018	Sales of vehicles and parts
Customer G[(7)]	162.5	1.2	2018	Sales of vehicles and parts
Customer H[(8)]	159.3	1.2	2019	Sales of vehicles and parts
Total	1,140.0	8.7		

For the year ended December 31, 2021

Customer	Sales amount	Percentage of total sales	Commencement of business relationship	Primary products/services sold
	(RMB in millions)	%		
Customer I[(9)]	231.5	4.6	2021	Sales of automotive regulatory credits
Customer D[(4)]	110.7	2.2	2020	Sales of vehicles and parts
Customer J[(10)]	90.3	1.8	2019	Sales of vehicles and parts
Customer E[(5)]	87.5	1.7	2020	Sales of vehicles and parts
Customer G[(7)]	73.3	1.4	2018	Sales of vehicles and parts
Total	593.4	11.7		

Notes:

(1) A company engaged in automotive sales services and automotive finance.

(2) A company engaged in sales of vehicles and wholesale of automotive parts.

(3) A company engaged in research and development of emerging energy technologies.

(4) A company engaged in wholesale of automotive spare parts and sales of new energy vehicles.

(5) A company engaged in sales of vehicles and wholesale of automotive parts.

(6) A company engaged in sales of vehicles and wholesale of automotive parts.

(7) A company engaged in sales of vehicles and wholesale of automotive parts.

(8) A company engaged in sales of vehicles and wholesale of automotive parts.

(9) A company engaged in sales of automotive regulatory credits.

(10) A company engaged in sales of vehicles and wholesale of automotive parts.

We hold 45% equity interest in Huizhong Tianxia (Jiangsu) New Energy Technology Co., Ltd., which was one of our five largest customers in 2021, 2022 and 2023. In addition, Nanning Industrial Investment Chain Rong Technology Co., Ltd. is wholly-owned by Nanning Industrial Investment Group Co., Ltd., a limited partner of Nanning Fund. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned over 5% of our Company's issued share capital) had any interest in any of our five largest customers.

To our knowledge, none of our major customers is our supplier or vice versa.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to promoting responsible business conduct and sustainable development as our business grows. We are a pioneer in environmental protection and social initiatives. We design, develop and manufacture new energy passenger vehicles that can significantly reduce emissions of greenhouse gases and air pollutants as compared to conventional fuel vehicles, thereby significantly reducing carbon emissions during the vehicle usage phase while enhancing user experience.

Governance

Our Board has overall responsibility for our ESG strategy and reporting. Our Board is responsible for effective governance and oversight of ESG matters, as well as assessment and management of material environmental and social risks.

Under the leadership of the senior management, various departments including human resources, research and development, manufacturing, supply chain and sales will work together to report ESG matters to our Board. We undertake to establish an ESG committee after the [**REDACTED**] to assist our Board in overseeing ESG governance, ensuring the implementation of ESG policies, monitoring ESG-related performance and objectives, adjusting ESG strategies and preparing ESG reports. We will engage independent professional third parties when necessary to assist us in making necessary improvements in relation to ESG matters.

The ESG committee will be primarily responsible for:

- monitoring the latest ESG-related laws and regulations, including applicable chapters of the Listing Rules, promptly reporting any updates to relevant laws and regulations to our Board, and adjusting our ESG policies accordingly.

- regularly evaluating ESG-related risks in accordance with applicable laws, regulations and policies, and developing strategic plans and mitigation measures to ensure ESG accountability.

- monitoring the environmental, social and climate changes in regions where our businesses are located, and taking timely measures to mitigate risks related to daily business operations.

- overseeing the implementation of ESG policies and engaging third-party consultants as necessary to support us in achieving ESG objectives.

- identifying our main stakeholders and understanding their influence and reliance on ESG matters.

- regularly holding meetings to identify, evaluate and manage our progress in achieving major ESG objectives.

- preparing an annual ESG report, reporting to our Board on ESG-related performance and policy effectiveness, and providing recommendations to our Board on ESG matters.

We have been continually improving our ESG policy, which covers our ESG goals and overall approach, ESG governance structure and identification of key performance indicators, and communicating such policies to shareholders, employees, supply chain partners, government and regulatory bodies, communities and other stakeholders.

Potential Risks and Opportunities

We are subject to a broad range of ESG-related laws and regulations in jurisdictions in which we manufacture and sell our products or otherwise operate our business. For a discussion of these laws and regulations, see "Regulatory Overview." We may incur substantial costs, including civil or criminal fines or penalties, enforcement actions and other third-party claims and cleanup costs, if we fail to comply with, or incur liabilities under, such laws and regulations or permits required thereunder. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines or other penalties due to non-compliance with ESG-related laws and regulations.

Under the supervision of our Board, we will actively identify and monitor climate-related risks and opportunities. We are committed to integrating the assessment of climate change into daily operations, strategic planning and financial decision-making. By implementing energy-saving renovation, we seek to reduce energy use and greenhouse gas emissions. To strengthen environmental protection, we have developed a series of internal guidelines and procedures and established management systems for key pollutants and emissions. We are committed to reducing reliance on harmful substances, energy and natural resources in the production process. We also strictly monitor the pollutant emissions from our factories to ensure we achieve the goal of zero environmental incidents. We have established discharge standards for wastewater, exhaust gas and waste treatment to help ensure environmental sustainability. In addition, we plan to strengthen cooperation with suppliers to jointly promote the sustainable development of the entire supply chain.

There is an increasing level of scrutiny from regulatory agencies and other stakeholders globally in relation to ESG matters, which could result in additional costs and risks for our business. Compliance with evolving regulations related to ESG matters may require us to modify our operations, invest in new technologies, make changes to our supply chain or incur other additional expenses, which could negatively impact our financial performance. On the other hand, we also believe that climate change may bring opportunities for our business operations. The Chinese government announced the dual goals of "carbon peaking" and "carbon neutrality" at the 75th session of the United Nations General Assembly. As a leading NEV company in China with a global vision, we will adhere to a dual-carbon strategy and continue to promote the research and development of new energy vehicles to create low-carbon products. With the rapid promotion of new energy vehicles, we believe we can adapt to new ESG requirements and evolving consumer preference quickly to capture more business opportunities.

Environmental Protection

We seek to minimize the impact on the environment and enhance sustainability and environmental awareness at all levels of our organization by developing sustainable environmental practices and integrating them into our operations. We are committed to researching, developing and producing zero emission NEVs, promoting green travel and reducing the air pollution caused by traditional ICE vehicles. In the manufacturing process, we use environmentally friendly materials and energy-saving technologies to optimize production processes, reduce energy consumption and waste discharge.

We have taken a series of proactive measures in wastewater treatment to help ensure environmental protection and compliant discharge. We have implemented comprehensive company policies and detailed procedures to manage pollutants, and invite third parties to conduct monitoring and testing of wastewater, groundwater and soil. All test results showed that they met discharge standards. In order to further improve monitoring efficiency, we have installed automatic online monitoring equipment at sewage discharge points and reported to the competent authorities as necessary. Meanwhile, we have installed a working condition monitoring system for key environmental protection facilities to monitor their operation status in real time and ensure that they operate efficiently and synchronously with production equipment.

In our production process, we continually optimize and improve the automation level of our production lines, implement a "machine substitution" strategy, and improve the macro control efficiency of our platform. Our Tongxiang factory is equipped with a 5.41MW distributed photovoltaic power plant, and the concentrated water and steam condensate from the pre-treatment of spraying are recycled and reused for production. Through these measures, we have achieved a stepped utilization of energy and greatly improved energy utilization efficiency.

We are committed to reducing the environmental impact of the entire value chain from factories to partners and employees. We choose business partners who are equally enthusiastic about reducing carbon emissions and committed to promoting environmental protection. In our offices, we encourage employees to pay attention to environmental protection when using office supplies and minimize their impact on the environment.

Metrics, Targets and Measures

We seek to minimize the impact of our operations on the environment and promote sustainability and environmental awareness at all levels within our Company. We closely track the following metrics to assess and manage our environmental footprint in our business operations.

		For the Year Ended December 31,		
	Unit	**2021**	**2022**	**2023**
Electricity Consumption				
Total Electricity Consumption	MWh	39,500.5	81,626.7	64,677.6
Water Consumption				
Total Water Consumption	thousand tons	416.0	734.5	727.1
Gas Consumption				
Total Gas Consumption	thousand m^3	3,778.4	6,345.9	4,448.0
Green Gas Emission				
CO_2 Emissions	thousand tons	22.7	48.6	33.3
Solid Wastes				
Toxic Wastes	tons	357.5	1,021.5	905.7

Note: The above data includes the resources and emissions consumed by the Company's manufacturing facility.

We consider environmental impacts when evaluating future production plans. We are committed to improving the energy efficiency of our factories by implementing a diversified energy procurement strategy to achieve this goal. We are also committed to increasing the use of clean energy by building projects such as solar photovoltaic power generation and energy storage facilities to reduce our carbon emissions. We have implemented coating wastewater treatment and reclaimed water reuse projects. We will continue to explore and implement innovative energy and water resource management strategies to promote sustainable development and environmental protection.

By 2028, we plan to:

- decrease our comprehensive energy consumption (as measured by standard coal) per vehicle produced by 16%;
- decrease our water consumption per vehicle produced by 15%;
- provide nearly 24.05 million kWh of photovoltaic power annually on average by installing rooftop photovoltaic project with a capacity of 24MWp;
- reduce our annual comprehensive energy consumption (as measured by standard coal) by 21,709 tons (calculated based on the unit medium consumption in 2023); and
- reduce our annual CO_2 emissions by 76,431 tons (calculated based on the unit medium consumption in 2023).

In the meantime, we plan to continue to establish more comprehensive ESG-related indicators and targets as we discuss with relevant stakeholders.

We have implemented a series of energy-saving and emission reduction measures:

- In 2021, we installed a new set of high-capacity 1.62MWP photovoltaic panels in our Tongxiang factory. In 2023, these panels produce 1.70 million kWh of electricity annually, significantly reducing coal usage, CO_2, sulfur oxides and nitrogen oxides emissions.

- We monitor and optimize energy use across our operations, including solar power, electricity and water. In 2022, we improved and activated the recycled water reuse system and constructed several water resource reuse projects, including a new painting concentrated water reuse system. The annual water recycling volume reaches 57,900 tons, improving water quality and reducing waste.

- We actively explore energy efficiency improvements through internal trials. We analyzed the difference in energy consumption between using a single transformer and two transformers. By connecting two sets of power distribution cabinets in series with the busbars, we improved the efficiency of the original transformers and shut down one set of transformers, reducing annual power loss by 76,440 kWh.

- We have implemented other environmental protection measures at our factories to properly manage waste from our construction and manufacturing processes, such as wastewater treatment plants, dust and smoke purification systems and water curtain paint booth filtration systems.

When evaluating suppliers, we consider their sustainable development practices and track records in environmental management, resource utilization, wastewater discharge and relevant certifications. We require our suppliers to adhere to legal and regulatory standards relating to health, safety and environmental regulations. Suppliers must also obtain third-party certifications for hazardous substances in raw materials or components and rectify any non-compliance with relevant laws and standards. However, we cannot guarantee that violations of the various and evolving ESG regulations in our supply chain will not occur. The identification of violations of ESG regulations and requirements by suppliers may lead to reputational harm to us and a requirement to change our suppliers. Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

Corporate Social Responsibility

We believe our continued growth rests on integrating social values into our business, starting with operating with integrity in all we do and extending to serving the community at large in China. We have been committed to sustainable corporate responsibility projects since the inception of our operations. We are dedicated to actively fulfilling our corporate social responsibilities and supporting social welfare initiatives by participating in diverse charity activities. For example, in 2020, we made a donation to the Hubei Charity Federation to combat the COVID-19 pandemic. In 2021, we donated to the Henan Charity Federation to support local flood prevention and relief efforts.

Employee Health and Safety

We have adopted and maintained a series of policies and measures to maintain a safe environment for employees, including safety production management policies, employee occupational health management policies and various policy measures to ensure employee health and workplace hygiene. We have obtained ISO26262 functional safety process system certificate, ISO45001 occupational health and safety management system certificate and China's safety standardization certification.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material safety accidents or material claims in relation to health and occupational safety.

Employee Management and Career Development

We are committed to creating a fair and supportive work environment for our employees:

- we enter into labour contracts with employees in strict compliance with relevant laws and regulations.

- we have adopted transparent compensation and termination policies. We recruit based on merit and promote equal opportunities for development and fair compensation for all employees, regardless of gender, age, race, nationality or other factors.

- we have established a comprehensive talent development plan to support the business development of our Company.

- we do not purchase any products or services provided by suppliers who use child labour.

- we have strengthened the employee assessment mechanism and incentive plan to provide long-term and sustained incentives for employees.

Our internal audit department has established a reporting mailbox to encourage employees and partners to actively report any violations. We also have strict compliance requirements for suppliers and partners, requiring them to comply with our compliance standards and jointly create an honest and transparent business environment.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial accounting policies and comprehensive budget management policies. We have implemented various procedures to implement accounting policies, and our financial department reviews our management accounts based on such procedures.

Information System Risk Management

We have put in place internal procedures and controls to protect user data and prevent data breaches. Our information security systems include the ISMS (ISO27001) and CSMS (ISO/SAE 21434, UN R155, and UN R156) for vehicle network security, which have been certified by third-party organizations. According to the CIC Report, we are among the first NEV companies to receive dual certification for UN R155 and UN R156. By implementing the ISMS, CSMS and ISO systems, we aim to ensure the security of our enterprise information management, vehicle electronic functional safety, vehicle intelligent network security and user data protection, thereby minimizing the risk of data leaks.

Human Resources Risk Management

We offer regular and specialized training tailored to the needs of employees in different departments. These trainings help ensure that our staff's skills stay current and enable them to meet customers' needs more effectively. We have an employee handbook, which has been approved by management and distributed to all employees and outlines standards for professionalism and ethical conduct.

We have an anti-bribery and anti-corruption policy to prevent corruption within our company. This policy explains what constitutes bribery and corruption and outlines our measures to combat them. The Policy prohibits improper payments such as bribes, kickbacks, excessive gifts or facilitation payments made to gain an unfair business advantage. We maintain accurate books and records that detail transactions and asset dispositions. Any payment made in violation of our expense approval, cash management or reimbursement systems is strictly prohibited. Our audit committee investigates reported incidents and takes necessary actions. We conduct background checks before hiring third parties and ensure the hiring process complies with our anti-bribery and anti-corruption policies. Our internal audit department has established a reporting mailbox to encourage employees and partners to actively report any violations. We also have strict compliance requirements for suppliers and partners, requiring them to comply with our compliance standards and jointly create an honest and transparent business environment.

EMPLOYEES

As of December 31, 2023, we had 7,932 full-time employees, most of whom were based in China, primarily in Shanghai and Tongxiang. As of December 31, 2023, we had 66 full-time employees based in Thailand, Indonesia, Brazil, Mexico and the Netherlands.

The following table sets forth the number of our employees by function as of December 31, 2023.

Function	Number of Employees	Percentage
Research and Development	2,132	26.9%
Production	3,096	39.0%
Sales and Marketing	2,249	28.4%
General and Administrative Support	455	5.7%
Total	**7,932**	**100.0%**

Our success depends on our ability to attract, retain and motivate qualified personnel. We offer employees competitive salaries, performance-based cash bonuses and long-term incentives. We believe that we have maintained a good working relationships with our employees. We did not experience any material labor disputes or work stoppages or any difficulty in recruiting staff for our operations during the Track Record Period. No collective bargaining agreement has been put in place.

We primarily recruit our employees through on-campus job fairs, industry referrals, online channels and recruitment agencies. In addition to on-the-job training, we have established a training program under which we have internal trainers and external consultants provide employees with management, technical, regulatory and other training based on their needs.

We participate in housing fund and various employee social insurance plans mandated by applicable competent authorities, including housing, pension, medical, work-related injury, maternity and unemployment insurance, We contribute to employee benefit plans based on specified percentages of the total remuneration of our employees up to a maximum amount specified by local governmental authorities. We also purchase commercial health and accidental insurance coverage for our employees.

We enter into standard confidentiality and employment agreements with our employees. The contracts with our key personnel typically include a standard non-compete covenant that generally prohibits the employee from competing with us during his or her employment and for a certain after the termination of his or her employment.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned eleven properties with a total gross floor area (GFA) of approximately 100,000 square meters in the PRC. We use these properties as premises for production facilities, offices, research centers and other ancillary purposes.

As of the Latest Practicable Date, we had obtained the title certificates for all our owned properties in the PRC. Our PRC Legal Advisor is of the view that we have legal title to these properties and the land use rights for the land occupied by these buildings.

Leased Properties

As of the Latest Practicable Date, we leased 31 material properties in the PRC with a GFA of approximately 633,000 square meters. As of the Latest Practicable Date, we also leased properties in Thailand, Indonesia, Mexico, Brazil, UAE and Hong Kong.

Among these properties, lessors of one material leased property had not provided us with valid title certificates or documents evidencing that the lease agreement of this property is valid. If any third party raises claims against the ownership or leasing rights of the property, our lease in respect of the property may be affected. Our Directors believe that we would be able to find another suitable property to use and our operations would not experience material disruptions.

Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the competent PRC governmental authorities. As of the Latest Practicable Date, 28 of our lease agreements were not registered with the relevant authorities.

According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. We maintain property all-risk insurance, business interruption insurance, machinery breakdown insurance, public liability insurance, cargo all-risk insurance and commercial insurance, which we believe are in line with those of other automakers of similar size in China. We do not maintain key-man insurance. We believe that our insurance coverage is adequate to cover our key assets, facilities and liabilities.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any actual or pending legal, arbitration or administrative proceedings that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Relating to Our Business and Industry — We may from time to time be subject to claims, disputes, lawsuits, and other legal and administrative proceedings."

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

LICENSES AND PERMITS

Our PRC Legal Advisor has advised that we had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations as of the Latest Practicable Date, and there was no material noncompliance against the applicable PRC laws and regulations, nor material administrative penalty, in relation to our material business operations, during the Track Record Period.

License/Permit	Holder	Issuing Authority	Grant Date
Electric vehicle production construction project permit	Our Company	NDRC	April 19, 2017
Access to NEV market	Our Company	MIIT	June 6, 2018

Our PRC Legal Advisor has advised us that to their best knowledge such licenses and permits remain in full effect and had not been revoked or cancelled as of the Latest Practicable Date.

AWARDS AND RECOGNITION

During the Track Record Period, we received recognition for technological innovation, product innovation, service quality and brand awareness. The table below sets forth some of the significant awards and recognition that we or our senior management received during the Track Record Period.

Award Year	Award/Recognition	Awarding Institution/ Authority
2019	2019 Industrial Internet Innovation Development Project	Ministry of Industry and Information Technology of the People's Republic of China
2019	National High-Tech Enterprise	Department of Science and Technology of Zhejiang Province, Department of Finance of Zhejiang Province, etc.
2020	2020 Zhejiang Digital Workshop/Smart Factory	Department of Economy and Information Technology of Zhejiang Province
2020	Neta U Pro C-NCAP 5-Star Certificate	CATARC Automotive Testing & Assessment Management Center
2021	IoV Identity Authentication and Security Trust Pilot Enterprise	Ministry of Industry and Information Technology of the People's Republic of China
2022	ISO27001 Information Security System Certificate	TÜV SÜD Group

Award Year	Award/Recognition	Awarding Institution/ Authority
2022	Data Security — Excellent Cases of Data Security Governance	China Academy of Information and Communications Technology
2022	CSMS Certificate	TÜV SÜD Group
2022	ISO26262 Functional Safety Process System Certificate	SGS
2022	IATF16949 Quality Management System Certificate	TÜV SÜD Group
2022	ISO14001 Environmental Management System Certificate	TÜV SÜD Group
2023	UN R155 Vehicle Cyber Security Management System Certificate	TÜV SÜD Group
2023	UN R156 Vehicle Software Update Management System Certificate	TÜV SÜD Group

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised), our Controlling Shareholder Group will hold an aggregate of approximately [**REDACTED**] of the issued share capital of our Company and will, directly and indirectly through the AIC Arrangements with the Relevant Investors, have the right to direct the exercise of [**REDACTED**] voting rights at the general meeting of our Company. Therefore, all members of our Controlling Shareholder Group will be controlling shareholders of our Company upon completion of the [**REDACTED**].

Under the partnership agreement of Yingtong, Youwei, Taohan, Zhonghe and Zhehui and the Partnership Enterprise Law of China, and as advised by PRC Legal Adviser the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the relevant partnership. Therefore, Dr. Fang as (i) the managing partner of Yingtong and Zhehui; (ii) the ultimate majority shareholder of Shanghai Zheao, which is the managing partner of Zhonghe; and (iii) the ultimate majority shareholder of Shanghai Zheao, being the parent company of Tibet Zheao, which is the managing partner of Youwei and Taohan, is deemed to have control over each of the Dr. Fang Controlled Entities.

Furthermore, pursuant to the AIC Arrangements, Dr. Fang shall also control the voting rights at the general meeting of our Company held by the Relevant Investors. For details of the AIC Arrangements, see section headed "History and Corporate Structure — AIC Arrangements" in this document.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER GROUP

Management independence

Our business is managed and conducted by our Board and senior management. Dr. Fang, a member of our Controlling Shareholder Group is also one of our executive Directors.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholder Group from a management perspective because:

(a) each Director is aware of their fiduciary duties as a director which require, among others, that they act for the benefit and in the interest of our Company and do not allow any conflict between their duties as a Director and their personal interests;

(b) Dr. Fang is only one of the three executive Directors and therefore, there is sufficient check and balance at the level of executive Directors;

(c) our daily management and operations are carried out by a senior management team, all members 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;

(d) we have four independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive directors for review;

(e) 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 (are) obliged to declare and fully disclose such potential conflict of interest and shall abstain from attending and voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(f) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and Dr. Fang, as detailed in "— Corporate governance measures".

Based on the above, our Directors believe that our business is managed independently of Dr. Fang and his close associates.

Operational independence

Our Group is not operationally dependent on our Controlling Shareholder Group. Our Group holds all relevant licenses, certificates, facilities 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 from our Controlling Shareholder Group for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, legal or company secretarial functions. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholder Group.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have an independent internal control and accounting system and also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholder Group (including but not limited to any credit or financial assistance from them). Our Group raised funds from the [**REDACTED**] independently, and during the Track Record Period and up to the Latest Practicable Date, our Controlling Shareholder Group did not provide our Group with any direct or indirect financing for our operations or any credit support (whether by way of guarantees or otherwise) in respect of any financing obtained by the Group, and vice versa.

We have sufficient capital to operate our business independently, and have adequate internal resources to support our daily operations and business. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholder Group in our favour or vice versa (as the case may be) upon [**REDACTED**].

Having considered that our future operations are not expected to be financed by our Controlling Shareholder Group, our Directors believe that our business is financially independent of our Controlling Shareholder Group.

Transactions with our Controlling Shareholder Group

Save as disclosed in the "Connected Transactions", our Directors do not expect that there will be any other transactions between our Group (on the one hand) and our Controlling Shareholder Group (on the other hand) upon or after [**REDACTED**]. In addition, none of the members of our Controlling Shareholder Group has been our major suppliers or customers during the Track Record Period which provide any critical services or materials for our business operation.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholder Group upon [**REDACTED**].

Disclosure under Rule 8.10 of the Listing Rules

Members of our Controlling Shareholder Group have confirmed that as of the Latest Practicable Date, none of them or any of their respective associates had 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 Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholder Group:

(a) where a Shareholders' meeting is held to consider proposed transactions in which our Controlling Shareholder Group or any of their respective close associates is, under the Listing Rules, required to abstain, our Controlling Shareholder Group and their respective close associates shall abstain from voting and their votes shall not be counted in respect of such transactions;

(b) our Company [has] established internal control mechanisms to identify connected transactions (including those with the Controlling Shareholder Group), and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholder Group or any of their respective associates after [**REDACTED**];

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholder Group (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholder Group [will] undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(e) 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 expense;

(f) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(g) we have established our audit committee, remuneration committee, and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholder Group and to protect minority Shareholders' interests after the [**REDACTED**].

Upon [**REDACTED**], transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected person, which will constitute non-exempt continuing connected transactions upon the [**REDACTED**]:

Name of our connected persons	Connected Relationship
Anhui Hongtron New Energy Power Co., Ltd. (安徽鴻創新能源動力有限公司) ("**Anhui Hongtron**")	Chuzhou Aochuang Electronic Technology Co., Ltd. (a company owned as to 64.0% by Shanghai Zheao) and Tibet Zheao (a company wholly-owned by Shanghai Zheao) holds 50.4% and 19.8% interest in Anhui Hongtron respectively. Shanghai Zheao and Tibet Zheao are ultimately controlled by Dr. Fang. Anhui Hongtron is therefore an associate of Dr. Fang

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought	Proposed annual cap for the years ending December 31,		
				2024	2025	2026
					(RMB million)	
Provision of battery packs and chargers by Anhui Hongtron to our Group	Non-exempt	Rule 14A.35 Rule 14A.36 Rule 14A.46 Rule 14A.49 Rule 14A.105	Announcement, circular and independent Shareholders' approval requirement	321.1	945.1	1,567.7

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions will be made in the ordinary and usual course of business and on normal commercial terms or better and will be regarded as non-exempt continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

Provision of battery packs, chargers and ancillary components by Anhui Hongtron

Principal terms

On [●], 2024, our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement ("**Hongtron Battery Pack and Chargers Framework Agreement**") with Anhui Hongtron, pursuant to which, Anhui Hongtron will provide (i) battery processing services on battery modules and battery management systems procured by us into battery packs based on specifications provided by us; (ii) chargers; and (iii) other ancillary components and support services. Our Company will enter into specific orders with Anhui Hongtron from time to time to set out, amongst others, the precise number of battery packs or chargers, the unit price, the required production timeframe, specific terms and conditions and method of payment. Our Company and Anhui Hongtron will confirm the actual delivery volume to our Group each month and we shall pay Anhui Hongtron an aggregate purchase price as set out in the purchase orders.

The initial term of the Hongtron Battery Pack and Chargers Framework Agreement will commence on the [**REDACTED**] and end on December 31, 2026, subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules. The pricing terms will be determined after arm's length negotiation between the parties with reference to the market rates.

Reasons for the transaction

The battery pack is assembled from multiple battery modules, battery management system and related ancillary components which are designed, developed and manufactured based on the specification of our smart NEVs. The chargers are designed, developed and manufactured based on the specification of our smart NEVs. As such, the battery packs and chargers are also an essential part of our smart NEV's powertrain and plays a critical role in our ability to deliver safe and high-performance smart NEVs at competitive prices.

The costs of developing, manufacturing and assembling battery packs and chargers in-house are significant and we believe it would be more efficient to procure battery packs and chargers from manufacturers who have the capability, economies of scale and experience to develop and assemble battery packs and chargers which are tailored to the needs of our Company, which is also consistent with the practice of other EV manufacturers in the market. As the design and implementation of the battery packs and chargers need to be closely tailored to the specifications of the smart NEVs, we believe a stable business relationship with a high level of mutual understanding is essential in ensuring the efficiency of our production and the safety and quality of our smart NEVs.

During the Track Record Period, our Company procured battery packs from Anhui Hongtron. The battery packs were assembled with battery modules which were either (i) directly procured by Anhui Hongtron from battery module manufacturers; or (ii) procured by our Company from battery module manufacturers and sold to Anhui Hongtron for processing into battery packs. For battery modules which were procured by our Company and sold to Anhui Hongtron, the battery modules and battery management systems are delivered directly to Anhui Hongtron for the assembly of battery packs for our smart NEVs. Anhui Hongtron will perform inspection and assemble the battery modules, battery management system together with its ancillary components to put together battery packs which are subsequently delivered to our Company for installation on our smart NEVs. Given that the battery modules procured by us and sold to Anhui Hongtron are solely to be processed into battery packs subsequently supplied to our Company, the sale of the battery modules to Anhui Hongtron for processing and purchase of battery packs from Anhui Hongtron to our Company are net-off and treated as battery processing services procured from Anhui Hongtron. Our Company has worked closely together with Anhui Hongtron since the development of the battery packs for our first mass-production model Neta N01 in 2018 and has since continued to work together for the development and supply of battery packs for our subsequent models. Through producing battery packs, Anhui Hongtron has accumulated rich experience in charging and discharging technology, which equips Anhui Hongtron with strengths in manufacturing chargers. During the Track Record Period, our Company did not procure any chargers from Anhui Hongtron. However, in supporting our value-added charging solution services and business expansion, our Company is of the view that it is necessary to expand and diversify our supply base for chargers.

Our Directors consider that the entering into the Hongtron Battery Pack and Chargers Framework Agreement with Anhui Hongtron can continue to efficiently fulfil our requirements with a stable and quality supply of battery packs and chargers for the manufacturing and delivery of our smart NEVs and charging services.

Pricing policies

The battery packs and chargers for our smart NEVs are processed and tailored to the specifications and requirements of the smart NEVs. In relation to the battery packs and chargers, the fees payable by us to Anhui Hongtron shall be in line with fees offered to us by other suppliers who are Independent Third Parties. Before engaging Anhui Hongtron for the development and assembling a new battery pack or chargers for our smart NEVs, we will request for quotation(s) from other battery packs or chargers provider(s) in our list of recognized supplier(s). We will assess the quotation proposals submitted by Anhui Hongtron taking into consideration various factors, including but not limited to technical capability of service providers, the quality of service and products, the cost of developing the battery packs or chargers, the cost of molds for battery packs or chargers and the overall package of the proposal. The Directors are of the view that the above policy will help ensure that the transactions under the Hongtron Battery Pack and Chargers Framework Agreement will be conducted on normal commercial terms and not be prejudicial to the interests of the Company and its minority shareholders.

Historical amounts

The following table sets forth the transaction amounts in respect of the battery packs purchased by the Group from Anhui Hongtron (i) after the sale of the battery modules by us to Anhui Hongtron has been netted off, representing the transaction amounts actually paid by us to Anhui Hongtron during the Track Record Period; and (ii) before the sale of the battery modules by us to Anhui Hongtron has been netted off during the Track Record Period:

	Historical amount for the years ended December 31,		
	2021	**2022**	**2023**
		(RMB million)	
Transaction amounts (after net-off) paid by us to Anhui Hongtron	206.3	28.2[(1)]	39.6
Transaction amounts (before net-off)	666.0	917.5	1,086.1

Note:

(1) The transaction amounts paid by us to Anhui Hongtron decreased significantly in the year ended December 31, 2022 as the battery packs supplied to us by Anhui Hongtron were wholly assembled with battery modules procured by us and sold to Anhui Hongtron, which were net-off and treated as battery processing services.

The Group did not purchase any chargers from Anhui Hongtron during the Track Record Period. For the years ended December 31, 2021, 2022 and 2023, our purchase of chargers from Independent Third Parties amounted to approximately RMB21 million, RMB83 million and RMB38 million, respectively.

Annual caps

In respect of the Hongtron Battery Pack and Chargers Framework Agreement, the transaction amounts to be paid by us to Anhui Hongtron for the three years ending December 31, 2024, 2025 and 2026 (before net-off) shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual cap for the years ending December 31,		
	2024	**2025**	**2026**
		(RMB million)	
Transaction amounts (before net-off) to be paid by us to Anhui Hongtron	321.1	945.1	1,567.7

Basis for caps

The above proposed annual caps have been determined primarily based on the following factors:

(i) the steady increase in the transaction amount paid by us to Anhui Hongtron (before net-off) during the Track Record Period. Going forward, in efforts to streamline our procurement process, we plan to purchase battery packs from Anhui Hongtron and may not be supplying battery modules to Anhui Hongtron for such battery packs, which is consistent with (i) our procurement arrangements with independent third party battery pack suppliers; and (ii) the practice of other EV manufacturers in the market. Therefore, the annual caps for the three years ending December 31, 2026 were calculated before net-off;

(ii) our expected increase in cooperation with Anhui Hongtron for the existing models and the development of new battery pack and chargers for our new models;

(iii) our expected increase in demand for the relevant battery packs, chargers and ancillary components based on the expected increase in delivery of our smart electric vehicles in the next few years, taking into account the historical delivery and trend of our smart electric vehicles by our Group. The number of vehicles delivered by us increased rapidly from 64,230 units in 2021 to 124,189 units in 2023; and

(iv) according to CIC, sales volume of NEV has grown rapidly in the past five years in China. The sales volume increased from 1.1 million in 2019 to 8.9 million in 2023 with a CAGR of 68.7%. Furthermore, with the improvement of charging infrastructure and further development of new technology, the sales volume of NEVs will be expected to keep rising and is expected to reach 22.8 million by 2028 and the proportion of NEVs in the total sales of passenger vehicles in China is also expected to increase from 33.7% in 2023 to 76.0% in 2028. Additionally, according to CIC, from 2019 to 2023, the sales volume of mid-level NEVs increased at a CAGR of 65.0% from 0.8 million units to 5.7 million units. Among the 8.9 million units of NEVs sold in 2023, the mid-level market accounted for 63.8%. It is estimated that by 2028, the sales volume of NEVs in the mid-level market will further grow to 14.8 million units, accounting for 65.0% of the total number of NEVs sold. With NEVs becoming increasingly popular among the mainstream consumer group in the countries and regions in which our Group's vehicles are sold, we expect the demand for our smart NEVs to continue to increase as we expand and diversify our product offerings.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Hongtron Battery Pack and Chargers Framework Agreement for each of the three years ending December 31, 2024, 2025 and 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis and it is on normal commercial terms or better, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of the Company subject to the circular requirement under Rule 14A.46 of the Listing Rules, the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In relation to the non-exempt continuing connected transactions contemplated under the Hongtron Battery Pack and Chargers Framework Agreement, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us. Accordingly, we have applied for[, and the Stock Exchange has granted us,] a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules in respect of these transactions, provided that the total amount of transactions for each of the three years ending December 31, 2024, 2025 and 2026 will not exceed the relevant proposed annual caps as set out above. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transactions set out above have been entered into in our ordinary and usual course of business on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of the non-exempt continuing connected transactions are fair and reasonable and in the interests of us and our Shareholders as a whole.

JOINT SPONSORS' CONFIRMATION

The Joint Sponsors are of the view that the non-exempt continuing connected transactions as set out above are in the ordinary and usual course of business of our Company and on normal commercial terms, and are fair and reasonable in the interests of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules (including seeking to revise the relevant annual cap(s) and independent Shareholders' approval);

- our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap; and

- when considering any renewal or revisions to the agreements after [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the directors and shareholders resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

DIRECTORS

Upon [**REDACTED**], our Board will consist of twelve Directors, including three executive Directors, five non-executive Directors, and four independent non-executive Directors. Our Directors serve a term of three years and shall be subject to re-election upon the expiry of their respective term of office. The following table sets out certain information in respect of our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Fang Yunzhou (方運舟)	48	Founder and Executive Director, Chairman of the Board	August 2014	October 2014	Responsible for overall strategic planning, product development and business development, and business decision making of our Group; chairperson of the nomination committee; member of the remuneration and appraisal committee
Zhang Yong (張勇)	48	Executive Director and Chief Executive Officer	January 2018	January 2023	Responsible for the daily operation and management of our Group and implementation of the business plans of our Group
Peng Qingfeng (彭慶豐)	48	Executive Director and Vice President	December 2014	January 2023	Responsible for the overall management of procurement and digitalization business of our Group; overseeing the business of the subsidiaries producing components
Peng Mingquan (彭明權)	58	Non-executive Director and Vice Chairman of the Board	March 2023	March 2023	Providing professional opinion and judgment to the Board; responsible for core strategic planning and business development of our Group
Hu Xu (胡旭)	34	Non-executive Director	November 2018	November 2018	Providing professional opinion and judgment to the Board
Xin Hongbo (辛洪波)	41	Non-executive Director	July 2019	July 2019	Providing professional opinion and judgment to the Board
Huang Qinian (黃啟年)	49	Non-executive Director	February 2020	February 2020	Providing professional opinion and judgment to the Board

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Hong Zhao (洪兆)	32	Non-executive Director	January 2023	January 2023	Providing professional opinion and judgment to the Board
Sit Wing Hang (薛永恒)	64	Independent Non-executive Director(1)	[**REDACTED**]	[**REDACTED**]	Providing independent opinion and judgment to the Board; chairperson of the remuneration and appraisal committee; member of the audit committee; member of the nomination committee
Wang Lifang (王麗芳)	53	Independent Non-executive Director(1)	[**REDACTED**]	[**REDACTED**]	Providing independent opinion and judgment to the Board; member of the audit committee
Ren Xiaochang (任曉常)	68	Independent Non-executive Director(1)	[**REDACTED**]	[**REDACTED**]	Providing independent opinion and judgment to the Board; member of the nomination committee; member of the remuneration and appraisal committee
Xue Rui Shirley (薛睿)	39	Independent Non-executive Director(1)	[**REDACTED**]	[**REDACTED**]	Providing independent opinion and judgment to the Board; chairperson of the audit committee

Note:

(1) The appointment of Mr. Sit Wing Hang (薛永恒), Ms. Wang Lifang, Mr. Ren Xiaochang and Ms. Xue Rui Shirley as independent non-executive Directors will take effect from the [**REDACTED**].

Executive Directors

Dr. Fang (方運舟), aged 48, is the Founder, an executive Director and chairman of the Board. Dr. Fang is primarily responsible for overall strategic planning, product development and business development, and business decision making of our Group.

Dr. Fang was a representative of the 13th National People's Congress from March 2018 to March 2023. After obtaining his Ph.D. from Hefei University of Technology, he became the founder and a Director of our Group. Dr. Fang is recognized as an expert in NEVs in China with extensive academic, policy, and patent research experience. He has also been named as an expert to review the "Thousand People's Plan" for youths of the nation since September 2015, a member of the Pool of Review Experts for Science and Technology Projects of the Ministry of Industry and Information Technology (工業和信息化部科技項目評審專家庫) since May 2010, a member of the Young Entrepreneur Committee of the All-China Federation of Industry and Commerce (中華全國工商業聯合會青年企業家委員會) since September 2020, a council member of China EV100 (中國電動汽車百人會) since May 2014, a member of the Electric Vehicle Technical Sub-Committee of National Technical Committee of Auto Standardization (全國汽車標準化技術委員會電動車輛分技術委員會) since July 2003, a leading technology talent in Anhui Province since December 2012, a leader of the "115" Industrial Innovation Team in Anhui Province (安徽省[115]產業創新團隊) since September 2009, and the director of the Professional Committee for Intelligent Network Vehicles of the Zhejiang Province New Energy Automobile Industry Alliance (浙江省新能源汽車產業聯盟智能網聯汽車專業委員會) since August 2017.

Dr. Fang has over 20 years of experience in the automobile industry with a primary focus on the research and development of new energy cars. Following the establishment of our Company, Dr. Fang concurrently served as the deputy director of Energy-Saving and New Energy Automobile Engineering Centre of Tsinghua University, with his major research area focused on the research and design of the system configuration of smart NEVs. In recent years, main research and development achievements of Dr. Fang include a vehicle control unit (VCU), battery management system (BMS), battery pack, telematics service provider (TSP) platform, vehicle terminal box (Tbox), pure electric SUV, prototype cars for intelligent driving, and intelligent internet concept vehicle samples, etc. Prior to establishing our Company in 2014, Dr. Fang was the deputy general manager of Chery New Energy Automobile Co., Ltd. (奇瑞新能源汽車股份有限公司), or "Chery New Energy Automobile", formerly known as Chery New Energy Automobile Technology Co., Ltd. (奇瑞新能源汽車技術有限公司), a subsidiary of Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司). Chery New Energy Automobile is a state-owned enterprise in China principally engaged in the design and manufacture of passenger vehicles and one of the early-movers in the research and development of new energy cars in China. Dr. Fang was one of the key leaders of the new energy car research of Chery New Energy Automobile and served as the head of the hybrid power department in the Central Research Institute of Chery Automobile. Dr. Fang has received numerous awards in recognition of his contribution and prominence in the fields of science, technology, and innovation, including but not limited to the National Standard Innovation Contribution Award in December 2010, Science and Technology Award of Anhui Province in December 2010, recipient of the First of May Labor Medal of Anhui Province in April 2011, Leading Talent of Strategic Emerging Industries in Anhui Province, the honor of introducing and nurturing leadership, innovative and entrepreneurial teams in Zhejiang Province, technical expert of the reserve of science and technology experts in Zhejiang Province, and the elite-leading entrepreneurs in Jiaxing city.

As a NEV expert in China, Dr. Fang has been deeply involved in the area of technical research and development of NEVs and has participated in the formulation of plans for NEVs with relevant ministries and commissions of the state. Dr. Fang has promoted the industrialization of NEVs and has led the completion of various national plans and projects, national science and technology supporting plans and projects, and science and technology key plans and projects of Wuhu City, Anhui Province, etc. He has published more than ten papers in the field of NEVs, including two papers in the Engineering Index and three papers in the journals of the Institute of Electrical and Electronics Engineers and SAE International. He also received nearly 20 licensed invention patents in the application for hybrid power and pure electric automobile controls.

Dr. Fang studied at Hefei University of Technology from September 1994 to July 1998, majoring in automobiles and tractors. Dr. Fang received his doctoral degree in engineering from Hefei University of Technology in June 2012 and his postdoctoral certificate in power engineering and engineering thermophysics from Tsinghua University in May 2017.

Mr. Zhang Yong (張勇), aged 48, is an executive Director of the Board and our Chief Executive Officer. Mr. Zhang is primarily responsible for the daily operation and management of our Group and implementation of the business plans of our Group.

Prior to joining our Group, Mr. Zhang served as the deputy general manager of Beijing Electric Vehicle Co., Ltd. (北京新能源汽車股份有限公司) and manager of Beijing Electric Vehicle Marketing Co., Ltd. (北京新能源汽車營銷有限公司), both of which are subsidiaries of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司) (600733, SH), from March 2014 to January 2018. Prior to these roles, Mr. Zhang worked at Chery New Energy Automobile with his last position as the deputy general manager from September 2010 to February 2014. Mr. Zhang served as the general manager of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) from February 2008 to August 2010.

Mr. Zhang studied at Hefei University of Technology from September 1994 to July 1998, majoring in automobiles and tractors. Mr. Zhang received his master's degree in business administration from Tsinghua University in July 2018.

Mr. Peng Qingfeng (彭慶豐), aged 48, is an executive Director of the Board and Vice President. Mr. Peng is primarily responsible for the overall management of procurement and digitalization business of our Group, and overseeing the business of the subsidiaries producing components.

Mr. Peng has been serving as a director of Anhui Hongtron New Energy Power Co., Ltd. (安徽鴻創新能源動力有限公司) since September 2017. From July 2001 to December 2014, Mr. Peng served in multiple roles at Chery Automobile Co., Ltd. and Chery New Energy Automobile, with his last position as deputy general manager.

Mr. Peng is a member of the Electric Vehicle and Technical Committee of China Automotive Standardization Technical Committee (中國汽車標準化技術委員會電動車輛與技術委員會).

Mr. Peng received his bachelor's degree in engineering from Anhui Polytechnic University, formerly known as Anhui Technical College of Mechanical and Electrical Engineering, in July 2001 and his doctoral degree in engineering from Hefei University of Technology in June 2015.

Non-Executive Directors

Mr. Peng Mingquan (彭明權), aged 58, is a non-executive Director and the Vice Chairman of the Board. Mr. Peng joined our Group in March 2023. Mr. Peng is primarily responsible for core strategic planning and business development of our Group.

Mr. Peng is a seasoned professional in the fields of finance and investment. Mr. Peng has served as the general manager of Huading Guolian (Sichuan) Power Battery Materials Co., Ltd. (華鼎國聯(四川)動力電池材料公司), a new energy technology company focusing on the R&D and production of lithium-ion power batteries and battery materials, since July 2021 and as the vice president of Huading Capital (Beijing) Co., Ltd. (華鼎資本(北京)有限公司) since July 2015, where he was primarily responsible for financing management.

Mr. Peng received his bachelor's degree in law from Sichuan University in July 1988.

Mr. Hu Xu (胡旭), aged 34, is a non-executive Director of the Board. Mr. Hu joined our Group in December 2018.

Mr. Hu currently serves as senior management and a director in multiple companies. He has been serving as a director at Jiangxi Alpha Power Systems Co., Ltd. (江西阿爾法動力系統有限公司) and Hefei Lixiang Battery Technology Co., Ltd. (合肥力翔電池科技有限責任公司) since June 2022, respectively, and as an executive director at Yichun Chuanglian Superconducting Industry Investment Co., Ltd. (宜春市創聯超導產業投資有限公司) and Yichun Chuanghe New Energy Investment Co., Ltd. (宜春市創合新能源投資有限公司), since May 2022, respectively, where he was primarily responsible for overseeing the investment and construction of NEV factories. Mr. Hu has been serving as a director at Yichun Chuanghui Technology Co., Ltd. (宜春創慧科技有限公司) and Yichun Chuangrong Private Equity Fund Management Co., Ltd. (宜春市創融私募股權基金管理有限公司) since April 2022, respectively. He has also been appointed as the assistant general manager of Yichun Venture Investment Co., Ltd. (宜春市創業投資有限公司) since December 2019, primarily responsible for investment business, and as a director at Yichun Luobin Wood Co., Ltd. (宜春市羅賓板業有限公司) since August 2019. Prior to these roles, Mr. Hu was appointed as the deputy director at business department of Yichun Branch of Bank of China (中國銀行股份有限公司宜春市分行) in June 2016, in charge of corporate credit business and management.

Mr. Hu received his bachelor's degree in economics from Hainan University in June 2010.

Mr. Xin Hongbo (辛洪波), aged 41, is a non-executive Director of the Board. Mr. Xin joined our Group in July 2019.

Mr. Xin currently serves as the chairman of the board of Yichun Venture Capital Co., Ltd. (宜春市創業投資有限公司) since November 2021, and served as its manager from January 2019 to November 2021. From June 2016 to June 2017, Mr. Xin worked as the temporary deputy county chief of the People's Government of Hukou County (湖口縣人民政府). Prior to these roles, Mr. Xin worked at the Institute of Business and Economic Development of Jiangxi Province (江西省商務經濟發展研究院) as the head of the Institute of Open Economy (開放型經濟研究所), assistant dean, and deputy dean from July 2014 to January 2019. Mr. Xin worked at Huatai Securities Company Limited (華泰證券股份有限公司) (601688, SH; 6886, HK) from July 2007 to August 2011.

Mr. Xin received his bachelor's degree in management from Xi'an Jiaotong University in July 2005. Mr. Xin received his master's degree in management and doctoral degree in management from Renmin University of China in July 2007 and July 2014, respectively.

Mr. Huang Qinian (黃啟年), aged 49, is a non-executive Director of the Board. Mr. Huang joined our Group in February 2020.

Mr. Huang has worked at Nanning Industrial Investment Group Co., Ltd. (南寧產業投資集團有限責任公司) as the board chairman since February 2020, where he has been responsible for the company's strategic direction and overall performance. Prior to this role, Mr. Huang worked at Nanning Municipal Bureau of Industry and Information Technology (南寧市工業和信息化局) as the deputy director from March 2019 to January 2020. Mr. Huang also served as the deputy director of Nanning Municipal Commission of Industry and Information Technology (南寧市工業和信息化委員會) from January 2017 to February 2019. Mr. Huang worked at Nanning Small and Medium Enterprises Service Center (南寧市中小企業服務中心) as the director from November 2009 to January 2017, and as the deputy director from September 2006 to November 2009.

Mr. Huang received a senior economist qualification issued by Department of Human Resources and Social Security of Guangxi Zhuang Autonomous Region (廣西壯族自治區人力資源和社會保障廳) in December 2014.

Mr. Huang studied at Nanjing Forestry University from September 1993 to June 1997, majoring in mechanical manufacturing technology and equipment. In October 2013, Mr. Huang received his master's degree in business management from Guilin University of Electronic Technology and subsequently received another bachelor's degree in economics from the same university in June 2016.

Mr. Hong Zhao (洪兆), aged 32, is a non-executive Director of the Board. Mr. Hong joined our Group in January 2023.

Mr. Hong has been serving as the special assistant to the board chairman of Beijing Qihu Technology Co. Ltd. (北京奇虎科技有限公司) since February 2019, assisting the company's strategic development and management, and also as the general manager of the strategy and investment center of Beijing Qihu Technology Co. Ltd. (北京奇虎科技有限公司) since November 2021, where he is responsible for the company's strategy research and investment business.

Mr. Hong received his bachelor's degree in economics from Northwestern University in the United States in June 2016.

Independent Non-Executive Directors

Mr. Sit Wing Hang (薛永恒), aged 63, was appointed as an independent non-executive Director of the Board with effect from the [**REDACTED**].

Mr. Sit is a professional electrical engineer with over 40 years of experience in public administration. Mr. Sit obtained the senior engineer certificate from Ministry of Human Resources and Social Security of Guangdong Province in 2024.

Mr. Sit joined the Government of the Hong Kong SAR in 1982 and was promoted to the director and the trading fund general manager of Electrical and Mechanical Services Department in 2017, responsible for electrical and mechanical safety, energy efficiency in Hong Kong, providing engineering services for the mechanical and electrical assets of the Government of the Hong Kong SAR, while assisting with Hong Kong's development and promotion of smart and green city initiatives. He served as the Secretary for Innovation, Technology of the Government of the Hong Kong Special Administrative Region from April 2020 to June 2022. Mr. Sit was awarded the Gold Bauhinia Star in recognition of his outstanding contributions to society and he was appointed as a Justice of the Peace, both by the Government of the Hong Kong SAR.

Mr. Sit currently serves as the independent non-executive director of Wai Yuen Tong Medicine Holdings Limited (00897.HK), Envision Greenwise Holdings Limited (01783.HK), Morris Home Holdings Limited (01575.HK) and Xiamen Jihong Technology Co Ltd (002803.SZ). In addition, he serves as the secretary-general of the Hong Kong Institution of Engineers and a senior advisor to the president and the honorary professor of the Hong Kong Baptist University and a professor of practice of the Hong Kong Polytechnic University.

Mr. Sit has been acknowledged as an outstanding alumni by the Hong Kong Polytechnic University. He received his master degree in business administration from the Chinese University of Hong Kong and the academician certificate in electrical engineering from the Hong Kong Polytechnic University in 1982.

Ms. Wang Lifang (王麗芳), aged 53, was appointed as an independent non-executive Director of the Board with effect from the [**REDACTED**].

Ms. Wang has extensive research and development experience and expertise in the field of NEVs. Ms. Wang is a member of the expert group for drafting the guidelines for key projects of NEVs in the national "14th Five-Year Plan." Furthermore, Ms. Wang is also the secretary-general of the Electric Vehicle Professional Committee of the China Electrotechnical Society (中國電工技術學會電動車輛專業委員會) since April 2023, the deputy director of the Wireless Power Transmission Professional Committee of the China Electrotechnical Society (中國電工技術學會無線電能傳輸專業委員會) since August 2020, a member of the Electromagnetic Compatibility Committee of China Power Supply Society (中國電源學會電磁兼容委員會), and a member of the Wireless Charging Working Group of the Energy Industry Electric Vehicle Charging Facilities Standardization Committee (能源行業電動汽車充電設施標委會無線充電工作組). Ms. Wang participated in multiple national research and development projects relating to the field of NEVs, such as Major Science and Technology Project for Electric Vehicles of National "10th Five-Year Plan" 863 Program, Energy Conservation and NEVs Major Project of National "11th Five-Year Plan" 863 Program, Energy Conservation and NEVs Planning of "12th Five-Year Plan" 863 Program, and NEVs Project of "13th Five-Year Plan". Ms. Wang has worked as multiple roles in the Institute of Electrical Engineering Chinese Academy of Science (中國科學院電工研究所) since July 1997, where she currently serves as the director of the Research Department of Vehicle Energy System and Control Technology (車用能源系統及控制技術研究部) and researcher since August 2013.

Ms. Wang received her bachelor's degree in computer science and application in July 1992 and her doctoral degree in engineering in July 1997 from Jilin University.

Mr. Ren Xiaochang (任曉常), aged 68, was appointed as an independent non-executive Director of the Board with effect from the [**REDACTED**].

Mr. Ren has over 30 years of experience in the automobile industry. Mr. Ren worked at China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司) (601965, SH), formerly known as Chongqing Heavy Vehicle Institute (重慶重型汽車研究所), from January 1982 to December 2016 and served as the vice president of the company's automobile design department, vice president, president, vice chairman of the board, general manager (director), and chairman of the board of the company. Mr. Ren currently serves as an independent director of Chongqing Zongshen Power Machinery Co., Ltd. (重慶宗申動力機械股份有限公司) (001696, SZ), Lifan Technology (Group) Co., Ltd. (力帆科技(集團)股份有限公司) (601777, SH), Chongqing Machinery & Electric Co., Ltd. (重慶機電股份有限公司) (2722, HK), and a director of Beijing HyperStrong Technology Co., Ltd. (北京海博思創科技股份有限公司).

Mr. Ren is a senior engineer of researcher's grade, an expert of Machinery Industrial Scientific Technology Specialist of the PRC and an expert with special allowance from the State Council.

Mr. Ren received his bachelor's degree in engineering from Hunan University in December 1981 and his MBA graduate certificate from Wuhan University of Technology in July 2003.

Ms. Xue Rui Shirley (薛睿), aged 39, was appointed as an independent non-executive Director of the Board with effect from the [**REDACTED**].

Since February 2022, Ms. Xue has been a managing director at Aurora Capital Partners (朝暉資本), a tech-focused early-stage venture investment fund specializing in advanced manufacturing, semiconductor, and biotech industries, in charge of early-stage equity investment and fundraising matters. Prior to this, Ms. Xue gained extensive experience in both financial management and corporate strategies through a series of management positions in TMT enterprises, including the chief financial officer of Shanghai Soulgate Co. Ltd. from November 2020 to November 2021 and an assistant general manager in mergers and acquisitions finance at Tencent Holdings Limited (騰訊控股有限公司) (700, HK), a technology company listed on the Stock Exchange of Hong Kong, from August 2017 to November 2020. Ms. Xue's early career was with Deutsche Bank AG from July 2006 to August 2017, where she held key senior roles including the Head of China TMT Banking, providing services to clients on fund raising and merger and acquisition activities covering TMT sectors in Greater China.

Ms. Xue is a fellow member of CPA Australia.

Ms. Xue received her bachelor's degree from the University of Pennsylvania in the United States in May 2006. She further received her master's degree in business administration from China Europe International Business School in the PRC in June 2022.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SUPERVISORS

The board of Supervisors of our Group is responsible for monitoring our financial performance, as well as supervising the Board and members of our senior management on fulfilling their respective duties. The board of Supervisors consists of three Supervisors. The Supervisors are appointed for a term of three years and are eligible for re-election upon the expiry of their respective term of office. None of our Supervisors are related to other Directors, Supervisors, or members of senior management. The following table sets out the information about our Supervisors.

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisor	Roles and responsibilities
Zhang Honglei (張洪雷)	42	Chairman of the Board of Supervisors	November 2014	May 2019	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association of our Group
Yan Hepeng (鄢鶴鵬)	36	Supervisor	March 2016	January 2023	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association of our Group
Hu Jianguo (胡建國)	47	Supervisor	March 2017	May 2023	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association of our Group

Mr. Zhang Honglei (張洪雷), aged 42, is the chairman of the Board of Supervisors.

Mr. Zhang has served as the assistant president and executive deputy director of the Institute of Automobile Engineering in several companies within our Group since November 2014. Prior to joining us, Mr. Zhang worked in Chery Automobile Co., Ltd. and Chery New Energy Automobile, holding various positions including engineer at Chery Automobile Co., Ltd..

Mr. Zhang received a senior engineer qualification issued by the Zhejiang Electromechanical Manufacturing Engineering Technician and Senior Engineer Qualification Review Committee (浙江省機電製造工程技術人員高級工程師職務任職資格評審委員會) in February 2019.

Mr. Zhang studied at Changchun University of Science and Technology from September 2002 to July 2006, majoring in electrical engineering and automation. In December 2018, Mr. Zhang received his master's degree in engineering from Huazhong University of Science and Technology.

Mr. Yan Hepeng (鄢鶴鵬), aged 36, is our Supervisor.

Mr. Yan has joined our Group since March 2016, and has served as the senior director of the manufacturing business department, in charge of manufacturing system operational business management, since February 2019. Prior to this role. Mr. Yan was the logistics engineer of Chery Automobile Co., Ltd. from November 2006 to March 2015.

Mr. Yan received an engineer qualification issued by Jiaxing Municipal Bureau of Human Resources and Social Security (嘉興市人力資源和社會保障局) in April 2020.

Mr. Yan received his bachelor's degree in engineering from Hefei University of Technology in July 2016.

Mr. Hu Jianguo (胡建國), aged 47, is our Supervisor.

Mr. Hu has joined our Group since March 2017 as the general manager of the human resources center. Mr. Hu received an engineer qualification issued by Jiaxing Municipal Bureau of Human Resources and Social Security (嘉興市人力資源和社會保障局) in April 2020.

Mr. Hu studied at Anhui Polytechnic University, formerly known as Anhui Mechanical College, from September 1997 to July 2001, majoring in industrial automation.

SENIOR MANAGEMENT

The senior management is responsible for the day-to-day management of our business. None of the members of senior management are related to our Directors, Supervisors, or other members of senior management. Our senior management consists of Dr. Fang, Mr. Zhang Yong, Mr. Peng Qingfeng, Mr. Dai Dali, Mr. Zhou Jiang and Mr. Lin Weiyi.

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Fang Yunzhou (方運舟)	48	Executive Director, Chairman of the Board, and Founder	August 2014	October 2014	Responsible for overall strategic planning, product development and business development, and business decision making of our Group
Zhang Yong (張勇)	48	Executive Director and Chief Executive Officer	January 2018	January 2018	Responsible for the daily operation and management of our Group and implementation of the business plans of our Group
Peng Qingfeng (彭慶豐)	48	Executive Director and Vice President	December 2014	January 2018	Responsible for the overall management of procurement and digitalization business of our Group; overseeing the business of the subsidiaries producing components

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Dai Dali (戴大力)	54	Chief Technology Officer	May 2018	May 2018	Responsible for technology research and development activities of our Group
Zhou Jiang (周江)	49	Vice President	July 2019	March 2022	Responsible for the overseas business and marketing activities of our Group
Lin Weiyi (林偉義)	43	Vice President	October 2014	October 2014	Responsible for the strategic development, overseas product and certification business of the Group; assisting in managing the operations of the Yichun base

Dr. Fang (方運舟), aged 48, is the Founder, an executive Director and chairman of the Board. For further details, please see the paragraph headed "— Directors" in this section.

Mr. Zhang Yong (張勇), aged 48, is an executive Director of the Board and our Chief Executive Officer. For further details, please see the paragraph headed "— Directors" in this section.

Mr. Peng Qingfeng (彭慶豐), aged 48, is an executive Director of the Board and Vice President. For further details, please see the paragraph headed "— Directors" in this section.

Mr. Dai Dali (戴大力), aged 54, is our Chief Technology Officer. Mr. Dai is primarily responsible for the technology research and development activities of our Group.

Mr. Dai has over 33 years of experience and expertise in the automobile industry. Prior to joining our Group, Mr. Dai served as multiple positions at several subsidiaries of China FAW Group Corporation (中國第一汽車集團有限公司), including as the technician and chief engineer at FAW Foundry Co., Ltd. Second Foundry Plant (一汽鑄造有限公司鑄造二廠) from July 1991 to April 1998, as the director of the production preparation department, the section chief of the automobile body technology section, the minister of the technology and manufacturing department, and the minister of the automobile department of the technology center at FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), formerly known as FAW Car Co., Ltd. (一汽轎車股份有限公司), from September 1999 to January 2006, the head of the automobile department of Technical Center of China FAW Group Corporation (中國第一汽車集團有限公司技術中心) from February 2006 to August 2012.

Mr. Dai received a senior engineer qualification issued by China FAW Group Corporation in August 2003.

Mr. Dai received his bachelor's degree in engineering from Yanshan University in July 1991 and his master's degree in business administration from Jilin University in December 2000.

Mr. Zhou Jiang (周江), aged 49, is the vice president of the Company. Mr. Zhou is primarily responsible for the overseas business and marketing activities of our Group.

Mr. Zhou has 25 years of experience and expertise in the automobile industry. Prior to joining our Group, Mr. Zhou has been a seasoned sales and brand manager for Chongqing Chang'an Automobile Co., Ltd. (重慶長安汽車股份有限公司), where he was employed from July 1997 to July 2019.

Mr. Zhou received his bachelor's degree in economics majoring in marketing from Chongqing University of Technology in June 1999 and master's degree in engineering majoring in project management from Chongqing University in December 2010.

Mr. Lin Weiyi (林偉義), aged 43, is the co-founder and vice president of the Company. Mr. Lin is primarily responsible for the strategic development, legal affairs, domestic and foreign policies, regulations, standards and product certification, and government relations of the Group, and is in charge of related operations of the Yichun base.

Mr. Lin is a seasoned expert in the automobile industry. Prior to joining our Group, Mr. Lin served as the general manager for Chery Automobile Co. Ltd., the director of Chery New Energy Drive System Department (奇瑞新能源電驅動系統部部長) in 2010 and the vice director for Chery New Energy Electrification Technology Department (奇瑞新能源電動化技術部) in 2013, and had four years of experience developing new energy vehicles overseas.

Mr. Lin studied at Xihua University from September 1999 to June 2003, majoring in mechanical engineering and automation. Mr. Lin has been a representative of the 14th People's Congress of Jiangxi Province from 2023 to present.

Save as disclosed above, (i) none of our Directors, Supervisors and members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document; (ii) none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules; and (iii) none of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

COMPANY SECRETARY

Ms. Ko Mei Ying (高美英) has been appointed as the joint company secretary of the Company since April 25, 2023. Ms. Ko is a senior manager of corporate services of Tricor Services Limited, a global professional services firm. Ms. Ko has over 10 years' experience in the corporate secretarial, auditing and accounting services.

Ms. Ko holds a master of science in professional accounting and corporate governance from City University of Hong Kong, and a bachelor degree of commerce majoring in accounting from Macquarie University in Australia.

Ms. Ko is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom and Certified Practising Accountant of CPA Australia.

Ms. Ko currently holds the joint company secretary position in KANZHUN LIMITED (stock code: 2076) and LEPU ScienTech Medical Technology (Shanghai) Co., Ltd. (stock code: 2291), both are listed on the Stock Exchange.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has established three Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions, and provide advice and comments to the Board. The audit committee comprises three members, namely Ms. Xue Rui Shirley, Ms. Wang Lifang, and Mr. Sit Wing Hang, with Ms. Xue Rui Shirley (being an independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules) as chairperson of the audit committee.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration and appraisal committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses, and other compensation payable to our Directors, Supervisors, and other senior management. The remuneration and appraisal committee comprises three members, namely Mr. Sit Wing Hang, Dr. Fang, and Mr. Ren Xiaochang, with Mr. Sit Wing Hang as chairperson of the remuneration and appraisal committee.

Nomination Committee

We have established a nomination committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference set out in the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The nomination committee comprises three members, namely Dr. Fang, Mr. Sit Wing Hang, and Mr. Ren Xiaochang, with Dr. Fang as chairperson of the nomination committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to achieve this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Board diversity

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Group, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the Board Diversity Policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting, legal and compliance, internet and technology, research and development, and investment. They received degrees in various majors including law, economics, business administration, science, and engineering. We have two female members serving on the Board currently. Furthermore, the Board has a relatively wide range of ages, ranging from 32 years old to 68 years old and has directors with different gender. The Board of Directors is of the view that the Board satisfies the Board Diversity Policy.

The nomination committee is responsible for reviewing the diversity of the Board. Upon the [**REDACTED**], the nomination committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and plans to report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded training to female employees whom we consider to have the suitable experience, skills, and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance, and research and development. We are of the view that such a strategy will offer chances for the

Board to identify more capable female employees to be nominated as a member of the Board in future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Management presence

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. See "Waivers from Strict Compliance with the Listing Rules — Waiver in respect of Management Presence in Hong Kong" for further details.

REMUNERATION

Our Directors, Supervisors and senior management receive remuneration, including salaries, allowances, and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses, and share-based payment expenses) for the years ended December 31, 2021, 2022 and 2023 was approximately RMB14.2 million, RMB59.0 million and RMB83.7 million for our Directors, respectively, and was approximately RMB4.3 million, RMB11.3 million and RMB13.5 million for our Supervisors, respectively. None of our Supervisors and Directors waived any remuneration during the aforesaid periods.

The five highest paid individuals of our Group for the years ended December 31, 2021, 2022 and 2023 included two, two, and two Directors, respectively. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses, and share-based payment expenses) for the five highest paid individuals for the years ended December 31, 2021, 2022 and 2023 was approximately RMB16.2 million, RMB55.6 million and RMB72.0 million, respectively. The aggregate amount of the five highest paid individuals of our Group increased significantly in the year ended December 31, 2022 as share awards were made to the relevant individuals under the Employment Incentive Schemes. Such share-based payments are not cash payments and are accounted for as expenses of the Company based on the relevant accounting treatments.

Under the arrangement currently in force, the aggregate of the remuneration and benefits in kind (excluding discretionary bonus) payable to our Directors and Supervisors for the year ended December 31, 2024 is estimated to be approximately RMB97.2 million.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended December 31, 2021, 2022 and 2023 by our Company to our Directors and Supervisors.

No remuneration was paid to our Directors, Supervisors, or the five highest paid individuals as an inducement to join, or upon joining, our Company. No compensation was paid to, or receivable by, our Directors, past directors, Supervisors, or past supervisors for the Track

Record Period for the loss of office as director or supervisor or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors or Supervisors waived any emoluments during the same period.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development, or results of our Group deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06(3) of the Listing Rules, the compliance adviser shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Hong Kong Stock Exchange from time to time and any new or amended law, regulation or code in Hong Kong applicable to our Company. The compliance adviser shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of appointment of the Compliance Adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]** (assuming none of the Convertible Bonds are converted into H Shares and the **[REDACTED]** is not exercised), the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company or any other member of our Group:

Substantial shareholders of our Company

		Shares held as of the Latest Practicable Date		Shares held following the completion of the [REDACTED][(1)]	
Name of Shareholder	**Capacity/Nature of interest**	**Number**	**Percentage of issued Shares (%)**	**Number**	**Percentage of issued Unlisted Shares/ H Shares (%)**
Dr. Fang[(2)(3)(4)(5)]	Beneficial owner	20,000,000	0.70	**[REDACTED]** H Shares	**[REDACTED]**
	Interest in controlled corporations	315,526,441	11.12	**[REDACTED]** H Shares	**[REDACTED]**
	Interest of a party to an agreement regarding interest in our Company	575,370,276	20.28	**[REDACTED]** H Shares	**[REDACTED]**
Shanghai Zheao[(2)(3)(5)]	Beneficial owner	40,000,000	1.41	**[REDACTED]** H Shares	**[REDACTED]**
	Interest in controlled corporations	172,532,632	6.08	**[REDACTED]** H Shares	**[REDACTED]**
	Interest of a party to an agreement regarding interest in our Company	575,370,276	20.28	**[REDACTED]** H Shares	**[REDACTED]**
Yichun New Energy Investment[(6)]	Interest in controlled corporations	225,967,859	7.96	**[REDACTED]** H Shares	**[REDACTED]**
Yichun Jinyuan Investment[(6)]	Interest in controlled corporations	225,967,859	7.96	**[REDACTED]** H Shares	**[REDACTED]**
Yichun Jinhe[(6)]	Beneficial owner	225,967,859	7.96	**[REDACTED]** H Shares	**[REDACTED]**
Minsheng Securities[(7)]	Interest in controlled corporations	325,222,949	11.46	**[REDACTED]** H Shares	**[REDACTED]**
Minsheng Equity[(7)]	Interest in controlled corporations	325,222,949	11.46	**[REDACTED]** H Shares	**[REDACTED]**
Nanning Fund[(7)]	Beneficial owner	317,863,467	11.20	**[REDACTED]** H Shares	**[REDACTED]**
Huading Capital[(8)]	Interest in controlled corporations	278,647,061	9.82	**[REDACTED]** Shares	**[REDACTED]**
Huading Fund[(8)]	Beneficial owner	278,647,061	9.82	**[REDACTED]** Shares	**[REDACTED]**

		Shares held as of the Latest Practicable Date		Shares held following the completion of the [REDACTED][1]	
Name of Shareholder	Capacity/Nature of interest	Number	Percentage of issued Shares (%)	Number	Percentage of issued Unlisted Shares/ H Shares (%)
360 Security[9]	Interest in controlled corporations	258,792,572	9.12	**[REDACTED]** H Shares	**[REDACTED]**
Chengdu Hongjing[9]	Beneficial owner	178,798,200	6.30	**[REDACTED]** H Shares	**[REDACTED]**
Mr. Cheng Zhizhong[10] . .	Interest in controlled corporations	151,734,284	5.35	**[REDACTED]** H Shares	**[REDACTED]**
Tongxiang Jinyuan[11]	Interest in controlled corporations	61,923,088	2.18	**[REDACTED]** Shares	**[REDACTED]**
Tongxiang STE[11]	Beneficial owner	61,923,088	2.18	**[REDACTED]** Shares	**[REDACTED]**

Notes:

(1) The table above assumes (i) the [**REDACTED**] becomes unconditional and the [**REDACTED**] are issued pursuant to the [**REDACTED**], (ii) none of the Convertible Bonds are converted into H Shares and (iii) the [**REDACTED**] is not exercised.

(2) As of the Latest Practicable Date, Shanghai Zheao is directly owned as to approximately 58.41% by Dr. Fang. Accordingly, Dr. Fang is deemed to be interested in the Shares held by Shanghai Zheao.

(3) As of the Latest Practicable Date, Zhonghe, Youwei and Taohan directly and collectively holds 172,532,633 Shares. The managing partner of Zhonghe is Shanghai Zheao. The managing partner of each of Youwei and Taohan is Tibet Zheao, which was wholly owned by Shanghai Zheao. Under the partnership agreement of Youwei, Taohan and Zhonghe and the Partnership Enterprise Law of China, the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the partnership. Therefore, Dr. Fang as (i) the ultimate majority shareholder of Shanghai Zheao, which is the managing partner of Zhonghe; and (ii) the ultimate majority shareholder of Shanghai Zheao, being the parent company of Tibet Zheao, which is the managing partner of Youwei and Taohan, is deemed to be interested in the Shares held by each of Zhonghe, Youwei and Taohan.

(4) The managing partner of each of Zhehui and Yingtong is Dr. Fang. Under the partnership agreement of Zhehui and Yingtong and the Partnership Enterprise Law of China, the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the partnership. Therefore, Dr. Fang as the managing partner of Yingtong and Zhehui, is deemed to be interested in the Shares held by each of Zhehui and Yingtong.

(5) Shanghai Zheao and Dr. Fang entered into the AIC Arrangements with the Relevant Shareholders, namely, Yichun Jinhe, Yichun Chuangyuan, Yichun No. 1, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, Jiaxing Xinsong and Yichun Jinyuan Investment. Yichun Xinhe Supplemental AIC Confirmations dated May 4, 2023 with Yichun Xinhe, Lotus-born Supplemental AIC Confirmations dated May 4, 2023 with Lotus-born, Jiaxing Xinzhu Supplemental AIC Confirmations dated May 4, 2023 with Jiaxing Xinzhu, and Jiaxing Xinsong Supplemental AIC Confirmations dated May 4, 2023 with Jiaxing Xinsong. All the AIC Arrangements share similar arrangements. Each Relevant Shareholder, on the one hand, and Shanghai Zheao and Dr. Fang on the other, agreed that, upon becoming a shareholder of our Company (save for certain reserved matters in the case of Yichun Jinhe, Yichun Chuangyuan and Yichun No. 1), the Relevant Shareholder and the Director(s) appointed by the Relevant Shareholder shall act in concert with and exercise their voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and board meetings of our Company. See "History and Corporate Structure — AIC Arrangements" for details of the AIC Arrangements. Each of the AIC Arrangements shall become effective from the date of signing and shall be effective for an indefinite period until respective Relevant Shareholder (and its controlling entities) ceases to be a shareholder of our Company.

Pursuant to the AIC Arrangements, each of Dr. Fang and Shanghai Zheao is entitled to exercise control over the voting rights of all the shares held by each of the Relevant Shareholders, being 575,370,276 Shares in aggregate. Accordingly, Dr. Fang and Shanghai Zheao is deemed to be interested in the Shares held by each of the AIC shareholders.

(6) Yichun Jinhe is owned as to approximately 99.9% by Yichun New Energy Investment, which is owned as to approximately 70.6% by Yichun Jinyuan Investment Co., Ltd. (宜春市金園投資有限責任公司) ("**Yichun Jinyuan Investment**"), a state-owned enterprise controlled by Yichun Economic and Technological Development Zone Finance Bureau (宜春經濟技術開發區財政局) ("**Yichun ETD Finance Bureau**"). Accordingly, each of Yichun New Energy Investment and Yichun Jinyuan Investment is deemed to be interested in the Shares held by Yichun Jinhe.

(7) The general partner of Nanning Minsheng New Energy Industry Investment Partnership (Limited Partnership) (南寧民生新能源產業投資合夥企業(有限合夥)) ("**Nanning Fund**") is Minsheng Equity Investment Fund Management Co., Ltd. (民生股權投資基金管理有限公司) ("**Minsheng Equity**"), which is in turn wholly owned by Minsheng Securities Co., Ltd. (民生證券股份有限公司) ("**Minsheng Securities**"). More than one-third of limited partnership interest in Nanning Minsheng Fund is held by Nanning Industrial Investment Group Co., Ltd. (南寧產業投資集團有限責任公司), a state-owned enterprise controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Nanning Municipal (南寧市人民政府國有資產監督管理委員會). Accordingly, each of Minsheng Equity and Minsheng Securities is deemed to be interested in the Shares held by Nanning Fund.

Minsheng Equity is one of the general partners of Liuzhou Minsheng Modern Manufacturing Investment Fund (Limited Partnership) (柳州華輿民生現代製造投資基金(有限合夥)) ("**Liuzhou Minsheng**"), which holds 7,359,482 Shares, representing approximately 0.26% of the total issued Shares of the Company as of the Latest Practicable Date. Accordingly, Minsheng Equity and Minsheng Securities is deemed to be interested in the Shares held by Liuzhou Minsheng Fund.

(8) Huading Capital (Beijing) Co., Ltd. (華鼎資本(北京)有限公司) ("**Huading Capital**"), a limited liability company established in China, acts as the sole general partner of the Huading Fund. Huading Fund has five limited partners, among which, Sichuan Energy Investment Group Co., Ltd. (四川省能源投資集團有限責任公司) ("**Sichuan Energy**") owned approximately 48.0% partnership interest of Huading Fund. Sichuan Development Holdings Co., Ltd. (四川發展(控股)有限責任公司) ("**Sichuan Development**") and the State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government (四川省政府國有資產監督管理委員會) owned approximately 83.85% equity interest and approximately 16.15% equity interest of Sichuan Energy. The State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government and Sichuan Provincial Finance Department (四川省財政廳) owned approximately 90% equity interest and approximately 10% equity interest of Sichuan Development, respectively. No other limited partners hold more than one third of the partnership interest in Huading Fund. Accordingly, Huading Capital is deemed to be interested in the Shares held by Huading Fund.

(9) Chengdu Hongjing Technology Co., Ltd. (成都鴻景科技有限公司) ("**Chengdu Hongjing**") is a limited liability company organized and existing under the PRC laws and indirectly wholly owned by 360 Security Technology Inc. (三六零安全科技股份有限公司) ("**360 Security**") (Shanghai Stock Exchange Stock Code: 601360). Beijing Hongjin Yuantu Technology Partnership (Limited Partnership) (北京鴻金遠圖科技合夥企業(有限合夥)) ("**Beijing Hongjin Yuantu**") is a limited partnership organized and existing under the PRC laws, and is owned as to approximately 99.0% by 360 Smart Technology (Tianjin) Co., Ltd. (三六零智慧科技(天津)有限公司) and approximately 1.0% by Beijing Yuantu Technology Co., Ltd. (北京遠圖科技有限公司), both of which is indirectly wholly owned by 360 Security. Accordingly, 360 Security is deemed to be interested in the Shares held by each of Chengdu Hongjing and Beijing Hongjin Yuantu.

(10) Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) ("**Fengtai Zhoulai Guxin New Energy**") is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.9% by Anhui Zhoulai Holdings (Group) Co., Ltd. (安徽州來控股(集團)有限公司) ("**Anhui Zhoulai**") and approximately 0.1% by Shanghai Solid Trust Investment Holdings Co., Ltd. (上海固信投資控股有限公司) ("**Shanghai Solid Trust**"), which also acts as the sole general partner of Fengtai Zhoulai Guxin New Energy. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong (程治中). Anhui Zhoulai is wholly owned by Fengtai Finance Bureau (鳳台縣財政局).

Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) ("**Tongcheng Tonghe New Energy**") is a limited partnership organized and existing under the PRC laws and is owned as to approximately 99.9% by Tongcheng Yitong Industrial Investment Co., Ltd. (桐城市益桐產業投資有限公司) ("**Tongcheng Yitong**") and approximately 0.1% by Shanghai Solid Trust, which also acts as the sole general partner of Tongcheng Tonghe New Energy. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong. Tongcheng Yitong is indirectly wholly owned by the Stated-owned Assets Supervision and Administration Commission of the Tongcheng Municipal Government (桐城市國有資產管理中心).

Yangtze River Delta (Hefei) Digital Economy Equity Investment Fund Partnership (Limited Partnership) (長三角(合肥)數字經濟股權投資基金合夥企業(有限合夥)) ("**Yangtze River Delta**") is a limited partnership organized and existing under the PRC laws. The sole general partner of Yangtze River Delta is Anhui Solid Trust Private Fund Management Co., Ltd. (安徽固信私募基金管理有限公司), which is majority owned by Shanghai Solid Trust. Shanghai Solid Trust is wholly owned by Mr. Cheng Zhizhong. Accordingly, Mr. Cheng Zhizhong is deemed to be interested in the Shares held by each of Fengtai Zhoulai Guxin New Energy, Tongcheng Tonghe New Energy and Yangtze River Delta.

(11) Tongxiang STE is a limited liability company organized and existing under the PRC laws and is owned as to approximately 89.65% by Tongxiang Jinyuan Equity Investment Management Co., Ltd. (桐鄉市金源股權投資管理有限公司) ("**Tongxiang Jinyuan**") and approximately 10.35% by Tongxiang Economic and Technological Development Co., Ltd. (桐鄉市經濟技術開發有限公司) ("**Tongxiang Economic and Technology**"). Accordingly, Tongxiang Jinyuan is deemed to be interested in the Shares held by Tongxiang STE.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, our share capital was RMB2,837,458,180, comprising of 2,837,458,180 [**REDACTED**] Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately after the [**REDACTED**] (assuming that none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage to total share capital
[**REDACTED**] Shares in issue	[356,569,024]	[**REDACTED**]
H Shares converted from [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.0%**

Immediately after the [**REDACTED**] (assuming that none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is fully exercised), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage to total share capital
[**REDACTED**] Shares in issue	[356,569,024]	[**REDACTED**]
H Shares converted from [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.0%**

RANKING

Upon the completion of the [**REDACTED**] and conversion of [**REDACTED**] Shares into H Shares, our Shares will consist of H Shares and [**REDACTED**] Shares. H Shares and [**REDACTED**] Shares are all ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant

PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the [**REDACTED**] Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

[**REDACTED**] Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividend for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollar or Renminbi, whereas all dividends for [**REDACTED**] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR [REDACTED] SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the [**REDACTED**] Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filling procedures with the relevant regulatory authorities, including CSRC which requires administrative filing procedures for the conversion and trading of such converted Shares, have been obtained. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the [**REDACTED**] Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need to be filed with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

[REDACTED] Approval of the Stock Exchange

We have applied to the Stock Exchange for the approval for the granting of [**REDACTED**] of, and permission to deal in, our H Shares to be issued pursuant to the [**REDACTED**] and the H Shares to be converted from [2,542,812,245] [**REDACTED**] Shares on the Stock Exchange, [which is subject to the approval by the Stock Exchange]. We will perform the following procedures for the conversion of [**REDACTED**] Shares into H Shares after receiving the approval of the Stock Exchange: (a) giving instructions to our [**REDACTED**] regarding relevant share certificates of the converted H Shares; and (b) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. The Participating Shareholders may only deal in the Shares upon completion of following domestic procedures.

Register with the CSRC and H Shares Full Circulation Application

In accordance with the Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and related guidelines, H-share listed companies which apply for the conversion of Unlisted Shares into H shares for listing and circulation on the Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of [2,480,889,156] [**REDACTED**] Shares into H Shares upon the completion of the [**REDACTED**], which has been completed on [●], 2024.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**].

Please refer to "[**REDACTED**]" for details of the lock-up undertaking given by our Controlling Shareholder to the [**REDACTED**]. Please refer to "[**REDACTED**]" for details of the lock-up undertaking given by our Controlling Shareholder under the [**REDACTED**].

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the extraordinary general meeting of the Shareholders held on May 15, 2024.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND MEETING ARE REQUIRED

Our Company will have only one class of Shares upon completion of the [**REDACTED**], namely ordinary shares, and each carry the same rights in all respects with the other Shares.

For details of circumstances under which our Shareholders' general meeting are required, please refer to the section headed "Summary of the Articles of Association" in Appendix V.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements and the notes thereto included in the Accountant's Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analyzes in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. For further details, see "Forward-looking Statements."

OVERVIEW

We are committed to becoming a leader in the global NEV industry. Through continual innovation and accurate product positioning, we have become a leading smart NEV brand in China. As we continue to pursue our global strategies, we expect international markets to continue to fuel our future growth.

We have been proactively exploring the overseas market, with 17,019 NEVs exported to overseas countries in 2023, which accounted for 13.7% of our total NEV sales and contributed 12.0% of our revenue in the same year. We have established a strong presence in the Southeast Asia market. According to the CIC Report, in 2023, we ranked among the top three NEV brands in Southeast Asia as measured by vehicle insurance registration. In the future, we will continue to proactively explore market potential in Latin America, the Middle East and Africa and identify and seize opportunity to expand into Europe.

As our business scale grew, we achieved significant revenue growth during the Track Record Period. Our revenue increased from RMB5,086.9 million in 2021 to RMB13,554.7 million in 2023, representing a CAGR of 63.2%.

BASIS OF PRESENTATION

We prepare the historical financial information of our Company in accordance with applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of our historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in note [4] to the Accountant's Report included in Appendix I to this document.

Adoption of New and Revised IFRSs

For the purpose of preparing and presenting our historical financial information for the Track Record Period, we, throughout the Track Record Period, consistently applied all effective accounting policies which conform with the International Accounting Standards ("**IASs**"), IFRSs, amendments to IFRSs, and the related interpretations issued by the IASB, which are mandatory for the financial year beginning on January 1, 2022.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations, and financial condition are affected by general factors impacting China's automotive industry, including, among others, overall global and China's economic growth and the growth of global and China's overall passenger vehicle market, any increase in per capita disposable income, growth in consumer spending and consumption upgrades, raw material costs and the competitive industry landscape. They are also affected by a number of factors affecting China's NEV industry, including laws, regulations and government policies, market acceptance of NEVs and evolution of smart NEV technologies, battery and other new energy technology development, charging infrastructure development, and increasing awareness of the environmental impacts of tailpipe emissions. Changes in any of these general factors could affect our business and results of operations.

While our business is influenced by general factors affecting China's NEV market, our results of operations are more directly affected by the following company-specific factors.

Our Ability to Attract Orders and Satisfy Customer Demand

Our results of operations significantly depend on our ability to attract customer orders and satisfy customer demand. We strive to enhance brand recognition among our target customers by continual innovation, offering and delivering vehicles with outstanding performance and delivering superior customer service. In addition, appropriate pricing strategy is essential for us to remain competitive in China's automotive market while preserving our ability to achieve and maintain profitability in the future. Our products offer exceptional functionalities at compelling prices, making us well poised to capture market opportunities. We have successfully launched and delivered new models of smart NEVs in a swift and efficient manner to address evolving and diversified customer demand.

Our ability to attract customer orders also depends on the scale and efficiency of our sales and servicing network. We seek to attract new customers cost-efficiently by, among other things, combining the direct sales model and distributor model to balance our expansion efficiency and quality of service, strategically select locations of our offline stores to enhance market penetration and engaging in various marketing activities. Enhanced customer satisfaction will help drive word-of-mouth referrals, which we believe will reduce our customer acquisition costs. In addition, we intend to strategically expand and strengthen our international market presence. As we continually develop and launch new smart NEV models, invest in our brand and expand our sales and servicing network, we anticipate to achieve rapid growth in our customer base and revenue.

Our Ability to Expand and Upgrade Our Smart NEV Portfolio

Our ability to continually introduce new smart NEV models is a key driving factor for our future growth. We currently have five vehicle models available for sale and continue to roll out vehicle facelifts to enhance user experience. We also plan to develop new models leveraging new powertrain and smart technologies to expand our product lines and reach a broader market, which we expect to continue to drive our revenue growth. We believe our proven ability in developing and delivering new vehicle models allows us to produce a diverse portfolio of smart NEVs and serve a rapidly growing user base with evolving and diverse preferences.

Our Ability to Control Costs and Improve Operational Efficiency

Our results of operations depend partly on our ability to manage costs and improve our operational efficiency. Benefiting from our full-suite of R&D capabilities, we aim to improve operating efficiency in every aspect of our business, including product development, supply chain, manufacturing, sales and marketing, as well as service offerings. We plan to continue to launch new models based on our NEV platforms to meet the diverse preferences of consumers. Additionally, the high level of vertical integration significantly simplifies and improves our supply chain, leading to lower procurement costs and increased stability and quality throughout the entire supply chain.

We also plan to continue to leverage our robust in-house vehicle development capabilities to reduce our unit production cost as we scale up to achieve economies of scale and optimize our production process through advanced, intelligent and automated manufacturing.

Our Ability to Enhance Technological Capabilities

We are dedicated to research and development. Our R&D personnel accounted for 26.9% of the total employees as of December 31, 2023. We primarily conduct research and development activities in our Shanghai, Jiaxing, Beijing and Hong Kong R&D Centers. Our research and development expenditures (including expensed and capitalized portions) increased by 122.1% from RMB775.9 million in 2021 to RMB1,723.2 million in 2022 and further by 31.3% to RMB2,263.3 million in 2023.

We plan to invest in research and development with a focus on developing new products, services and technologies and improving the quality and core technology of our existing products and services. We also expect to expand our research and development team. As our business grows, we expect our research and development investments to increase.

Our Ability to Execute Effective Sales and Marketing Strategies

Effective sales and marketing strategies are essential for driving our sales growth. We continually evaluate the effectiveness of various marketing channels to select marketing channel and allocate marketing expenditure. Effective marketing can help amplify our efforts in boosting vehicle sales cost-effectively. As we expand our business, we expect to continually improve our sales and marketing efficiency and benefit from economies of scale.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions, and judgments used in the preparation of our financial statements.

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

Warranty Provisions

We provide product warranties on all new vehicles based on the contracts with its customers at the time of sale of vehicles. We accrue a warranty reserve for the vehicles sold by multiplying the expected unit costs for warranty services by the sales volume, which includes the best estimate of projected costs to repair or replace items under warranties. These estimates are primarily based on the estimates of the nature, frequency and average costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty provisions in the future. The portion of the warranty reserve expected to be incurred within the next 12 months is included within the accrued warranty provision while the remaining balance is included within non-current provisions on the consolidated balance sheets. Warranty cost is recorded as a component of cost of sales in the consolidated statements of comprehensive loss. We re-evaluate the adequacy of the warranty accrual on a regular basis.

Recognition of Share-based Payment Expenses

Certain shares transfer and grant of shares under the share award schemes have resulted in share-based payments expenses.

We have engaged an independent valuer to determine the total fair value of the share-based awards granted to employees. The discounted cash flow method and back-solve method were used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the equity incentive tools. Significant estimates on assumptions, such as risk-free interest rate, volatility and dividend yield are made based on management's best estimates.

As the awards granted in equity-settled share-based payment plan are conditional on an initial public offering ("**IPO**"), we have estimated the IPO probability and IPO date when we calculated share-based payment expenses at each reporting period end. Since IPO condition is considered as vesting condition, the entity also needs to consider when the IPO is probable. If the service period under the service condition ends before IPO, then the vesting period will end on IPO date; if the service period under the service condition ends after IPO, then the vesting period will end according to the service conditions. As at December 31, 2021, 2022 and 2023, we assessed it is probable that the performance condition (i.e., IPO) will be achieved in the future.

We also have to estimate the expected forfeiture rate at the end of vesting periods ("Forfeiture Rate") of the restricted shares granted in order to determine the amount of share-based payment expenses charged to profit or loss. The Forfeiture Rate of our restricted shares awarded was assessed to be 5% as at December 31, 2021, 2022 and 2023.

Write-down of Inventories

We measure inventories by cost or net realizable value, whichever is lower. The determination of the net realizable value requires the acquisition of conclusive evidence, who should also take into account factors such as the purpose of stocking the inventory and the impact of post-balance sheet date events before making judgments and estimates. The difference between the actual outcome and the original estimates shall affect the carrying value of the inventory and charge or reversal of impairment provision for the period during which the estimates were revised.

Fair Value of Derivative Liabilities

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

Intangible Assets

Non-patented Technology

Non-patented technology are recognized at historical cost at the time of acquisition and are subsequently carried at cost less accumulated amortization and accumulated impairment losses. Our non-proprietary technology and emission rights have an expected beneficial life ranging from three to five years and are therefore amortize on a straight-line basis over their estimated useful lives from three to five years.

Software

Acquired and self-developed software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Our software is amortized on a straight-line basis over their estimated useful lives from five to ten years.

Development Cost

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Capitalized development costs are recorded as intangible assets and amortized over its estimated use life from the point at which the asset is ready for use.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as a percentage of our revenue for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenue	5,086,851	100.0	13,049,695	100.0	13,554,664	100.0
Cost of sales	(6,834,692)	(134.4)	(15,988,481)	(122.5)	(15,569,038)	(114.9)
Gross profit/(loss)	**(1,747,841)**	**(34.4)**	**(2,938,786)**	**(22.5)**	**(2,014,374)**	**(14.9)**
Selling and distribution expenses	(695,361)	(13.7)	(1,042,474)	(8.0)	(1,923,371)	(14.2)
General and administrative expenses	(726,699)	(14.3)	(1,047,779)	(8.0)	(1,154,126)	(8.5)
Research and development expenses	(541,041)	(10.6)	(906,242)	(6.9)	(1,597,853)	(11.8)
Net impairment losses on financial assets	(14,863)	(0.3)	(38,275)	(0.3)	(204,634)	(1.5)
Other income	155,315	3.1	125,829	1.0	167,199	1.2
Other losses, net	(934,042)	(18.4)	(103,005)	(0.8)	(30,953)	(0.2)
Operating loss	**(4,504,532)**	**(88.6)**	**(5,950,732)**	**(45.6)**	**(6,758,112)**	**(49.9)**
Finance income	24,798	0.5	144,229	1.1	166,932	1.2
Finance costs	(352,887)	(6.9)	(838,668)	(6.4)	(270,052)	(2.0)
Finance costs, net	(328,089)	(6.4)	(694,439)	(5.3)	(103,120)	(0.8)
Share of net (loss)/gain of an associate accounted for using the equity method	895	0.0	997	0.0	328	0.0
Loss before income tax	**(4,831,726)**	**(95.0)**	**(6,644,174)**	**(50.9)**	**(6,860,904)**	**(50.6)**
Income tax expense	(8,482)	(0.2)	(22,042)	(0.2)	(6,197)	(0.0)
Loss for the year	**(4,840,208)**	**(95.2)**	**(6,666,216)**	**(51.1)**	**(6,867,101)**	**(50.6)**
Loss for the year attributable to:						
Owners of the Company	(4,840,208)	(95.2)	(6,666,226)	(51.1)	(6,808,091)	(50.2)
Non-controlling interests	–	0.0	10	0.0	(59,010)	(0.4)
	(4,840,208)	**(95.2)**	**(6,666,216)**	**(51.1)**	**(6,867,101)**	**(50.6)**

Revenue

The following table sets forth a breakdown of our revenue both in absolute amount and as a percentage of our total revenues for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenues						
Sales of vehicles and parts	4,749,610	93.4	12,777,624	97.9	13,252,868	97.8
Sales of automotive regulatory credits	231,515	4.6	–	–	–	–
Rendering of service	41,502	0.8	146,773	1.1	159,068	1.2
Others[1]	64,224	1.2	125,298	1.0	142,728	1.0
Total	**5,086,851**	**100.0**	**13,049,695**	**100.0**	**13,554,664**	**100.0**

(1) Primarily include income from auto financing arrangements and rent of vehicles.

Sales of vehicles and parts. During the Track Record Period, we primarily derived revenue from sales of vehicles and parts. We offer optional auto parts when we sell vehicles to purchasers and sell replacement parts to users in connection with our vehicle after-sales services.

Sales of automotive regulatory credits. Enterprises in China can obtain automotive regulatory credits by manufacturing or importing NEVs, and any positive credit balance can be freely traded in the credit management system established by the MIIT. We generated a portion of our revenues from sales of automotive regulatory credits in 2021.

Rendering of service. We generate a portion of our revenue from providing charging solutions, vehicle internet connection services and OTA upgrades.

The following table sets forth our revenue by geographic area, in absolute amount and as a percentage of our total revenue, for the years presented.

	For the year ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
PRC	5,086,851	100.0	12,809,034	98.2	11,934,511	88.0
Overseas[(1)]	–	–	240,661	1.8	1,620,153	12.0
Total	**5,086,851**	**100.0**	**13,049,695**	**100.0**	**13,554,664**	**100.0**

(1) Primarily include Thailand.

We generated substantially all of our revenue from China in 2021 and 2022. Since 2023, we have been expanding our business into Southeast Asia, particularly Thailand. Revenue from oversea sales accounted for approximately 12.0% of our total revenue in 2023. As we continue to expand into other overseas countries, we expect our overseas business to account for an increasing percentage of our revenue in the future.

Cost of Sales

The following table sets forth our cost of sales by nature, both in absolute amounts and as a percentage of total cost of sales for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Cost of sales						
Raw materials and consumables used	6,141,715	89.9	14,736,395	92.2	14,054,438	90.3
Depreciation and amortization charges	277,050	4.1	368,287	2.3	522,432	3.4
Employee benefit expenses	179,021	2.6	444,044	2.8	371,272	2.4
Freight expenses	116,099	1.7	176,993	1.1	241,516	1.6
Warranty expenses	37,809	0.6	117,125	0.7	120,414	0.8
Others[(1)]	82,998	1.2	145,637	0.9	258,966	1.5
Total	**6,834,692**	**100.0**	**15,988,481**	**100.0**	**15,569,038**	**100.0**

(1) Primarily include tax expenses and surcharges.

Gross Loss and Gross Margin

The following table sets forth our gross loss in absolute amounts and as a percentage of our revenue for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Gross Loss and Gross Margin	**(1,747,841)**	**(34.4)**	**(2,938,786)**	**(22.5)**	**(2,014,374)**	**(14.9)**

We incurred gross loss during the Track Record Period as we were still in the process of ramping up our production and deliveries to achieve economies of scale. Our overall gross margin improved during the Track Record Period, primarily attributable to (i) optimization of our product mix with more focus on smart NEV models with increased average selling prices, (ii) increased international sales, and (iii) enhanced cost-effectiveness as a result of our cost control measures.

Operating Expenses

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising and publicity expenses, (ii) employee benefit expenses, and (iii) depreciation and amortization charges.

The following table sets forth a breakdown of our selling and distribution expenses both in absolute amount and as a percentage of our total selling and distribution expenses for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Selling and distribution expenses						
Advertising and publicity expenses	333,016	47.9	333,406	32.0	916,514	47.7
Employee benefit expenses	242,070	34.8	473,607	45.4	560,343	29.1
Depreciation and amortization charges	42,150	6.1	108,373	10.4	199,091	10.4
Office and operation expenses	64,564	9.3	86,210	8.3	82,931	4.3
Service fees of professional organizations	265	0.0	3,051	0.3	15,762	0.8
Others[(1)]	13,296	1.9	37,827	3.6	148,730	7.7
Total	**695,361**	**100.0**	**1,042,474**	**100.0**	**1,923,371**	**100.0**

(1) Primarily include insurance expenses.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses, (ii) depreciation and amortization charges, and (iii) office and operation expenses.

The following table sets forth a breakdown of our general and administrative expenses both in absolute amount and as a percentage of our total general and administrative expenses for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
General and administrative expenses						
Employee benefit expenses	333,238	45.9	664,095	63.4	703,680	61.0
Depreciation and amortization charges	75,853	10.4	129,429	12.4	153,199	13.3
Office and operation expenses	37,085	5.1	75,363	7.2	148,376	12.9
Service fees of professional organizations	51,016	7.0	116,102	11.1	102,473	8.9
[**REDACTED**]	4,497	0.6	9,589	0.9	11,683	1.0
Non-employee share-based payment expenses	196,523	27.0	–	0.0	–	0.0
Others(1)	28,487	4.0	53,201	5.0	34,715	2.9
Total	**726,699**	**100.0**	**1,047,779**	**100.0**	**1,154,126**	**100.0**

(1) Primarily include low-value consumable expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) design and development expenditure, (iii) depreciation and amortization charges, and (iv) raw materials and consumables used.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Research and development expenses						
Employee benefit expenses	346,438	64.0	548,702	60.5	848,757	53.1
Design and development expenditure	116,508	21.5	243,973	26.9	320,514	20.1

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Depreciation and amortization charges	19,708	3.6	20,342	2.2	186,971	11.7
Raw materials and consumables used	32,078	5.9	38,749	4.3	114,800	7.2
Office and operation expenses	23,425	4.3	46,912	5.2	112,810	7.1
Others[(1)]	2,884	0.7	7,564	0.9	14,001	0.8
Total	**541,041**	**100.0**	**906,242**	**100.0**	**1,597,853**	**100.0**

(1) Primarily includes low-value consumable expenses and auxiliary materials.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets primarily represent provisions of impairment of finance lease receivables, contract assets, financial assets at FVOCI, trade and bills receivables and other receivables.

Other Income

Our other income consists of government subsidies.

Other Losses, Net

The following table sets forth a breakdown of our other net losses both in absolute amount and as a percentage of our other net losses for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Net losses on disposal of property, plant and equipment	1,230	0.1	644	0.6	19,284	62.3
Discount interest of FVOCI	4,675	0.5	24,377	23.7	6,556	21.2
Net fair value losses on derivative financial liabilities instruments	921,633	98.7	103,685	100.7	–	–
Net fair value gains on financial assets at FVPL, net	–	–	(4,812)	(4.7)	(1,296)	(4.2)

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Net foreign exchange gains	(18)	(0.0)	(22,723)	(22.1)	(1,483)	(4.8)
Others[(1)]	6,522	0.7	1,834	1.8	7,892	25.5
Total	**934,042**	**100.0**	**103,005**	**100.0**	**30,953**	**100.0**

(1) Primarily include non-operating expenses.

Finance cost - net

The following table sets forth a breakdown of our finance costs both in absolute amount and as a percentage of our finance costs for the years presented.

	For the Year Ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Finance costs						
Interest expenses on bank and other borrowings	51,745	14.7	140,140	16.7	213,870	79.2
Interest expenses on lease liabilities	5,430	1.5	20,755	2.5	56,182	20.8
Interest expense on financial instruments with preferred rights	317,608	90.0	683,458	81.5	–	–
Less: borrowing costs capitalized in property, plant and equipment	(21,896)	(6.2)	(5,685)	(0.7)	–	–
Total	**352,887**	**100.0**	**838,668**	**100.0**	**270,052**	**100.0**
Finance income:						
Interest income from cash at banks	(17,799)	(71.8)	(85,127)	(59.0)	(94,830)	(56.8)
Interest income from restricted cash	(6,999)	(28.2)	(59,102)	(41.0)	(72,102)	(43.2)
Total	(24,798)	(100.0)	(144,229)	(100.0)	(166,932)	(100.0)
Finance cost - net	328,089	(100.0)	694,439	(100.0)	103,120	(100.0)

Taxation

Hong Kong

Our subsidiary in Hong Kong is subject to 16.5% Hong Kong profit tax. Payments of dividends by our subsidiary in Hong Kong to our company are not subject to any Hong Kong withholding tax. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

Thailand

Our subsidiaries in Thailand are subject to corporate income tax at a rate of 20%.

The PRC

Pursuant to the PRC Enterprise Income Tax Law (the "**EIT Law**") and related regulations, our operating entities (including our subsidiaries) in China are generally subject to enterprise income tax at a rate of 25%.

Our Company obtained the High and New Technology Enterprises ("**HNTE**") status in year 2019 and renewed the status in 2022. We are currently entitled to a preferential tax rate of 15% as a high and new technology enterprise.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, from 2018, enterprises engaging in research and development activities were entitled to claim certain percentages of their research and development expenses as tax deductible expenses when determining their assessable profits for that year. Such percentage increased to 200% from 2021 for manufacturing enterprises such as us.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by 3.9% from RMB13,049.7 million in 2022 to RMB13,554.7 million in 2023. The increase in our total revenue was primarily driven by the increases in revenue from sales of vehicles and parts.

Sales of vehicles and parts. Our revenue from sales of vehicles and parts increased by 3.7% from RMB12,777.6 million in 2022 to RMB13,252.9 million in 2023, primarily driven by our increased sales of vehicle models targeting higher price ranges in the mid-level NEV market segment and overseas markets.

Rendering of service. Our revenue from rendering of service increased by 8.4% from RMB146.8 million in 2022 to RMB159.1 million in 2023, which was generally in line with the growth in our vehicle deliveries.

Others. Our revenue from others increased by 13.9% from RMB125.3 million in 2022 to RMB142.7 million in 2023, primarily due to an increase in financing income from auto financing arrangements, reflecting an increase in vehicles sold.

Cost of Sales

Our cost of sales remained stable at RMB15,988.5 million and RMB15,569.0 million in 2022 and 2023, respectively.

Gross Loss and Gross Margin

Our gross loss decreased from RMB2,938.8 million in 2022 to RMB2,014.4 million in 2023, and our gross margin increased from negative 22.5% in 2022 to negative 14.9% in 2023, primarily attributable to (i) optimization of our products mix with more focus on smart NEV models with higher average selling prices, (ii) increased international sales, and (iii) enhanced cost-effectiveness as a result of our cost control measures.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 84.5% from RMB1,042.5 million in 2022 to RMB1,923.4 million in 2023. The increase primarily reflected our enhanced marketing efforts.

General and Administrative Expenses

Our general and administrative expenses increased by 10.1% from RMB1,047.8 million in 2022 to RMB1,154.1 million in 2023, primarily reflecting increased headcounts of administration personnel and office expenses.

Research and Development Expenses

Our research and development expenses increased by 76.3% from RMB906.2 million in 2022 to RMB1,597.9 million in 2023, primarily reflecting our enhanced R&D efforts.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased by 434.6% from RMB38.3 million in 2022 to RMB204.6 million in 2023, primarily due to provisions for the impairment of certain receivables from customers in 2023.

Other Income

Our other income increased by 32.9% from RMB125.8 million in 2022 to RMB167.2 million in 2023, primarily due to an increase in government subsidies.

Other Losses, Net

Our other losses, net decreased by 70.0% from RMB103.0 million in 2022 to RMB31.0 million in 2023, primarily as a result of our recognition of fair value changes in derivative liabilities in 2022.

Finance Costs, Net

Our net finance costs, decreased by 85.2% from RMB694.4 million in 2022 to RMB103.1 million in 2023, primarily due to a decrease in interest expenses on financial instruments with preferred rights as the preferential rights in connection with our [**REDACTED**] financing were terminated in 2022.

Income Tax Expense

Our income tax expense decreased by 71.9% from RMB22.0 million in 2022 to RMB6.2 million in 2023.

Loss for the Year

As a result of the foregoing, we incurred a loss of RMB6,666.2 million and RMB6,867.1 million in 2022 and 2023, respectively.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by 156.5% from RMB5,086.9 million in 2021 to RMB13,049.7 million in 2022. The increase in our total revenue was primarily driven by the increases in revenue from sales of vehicles and parts.

Sales of vehicles and parts. Our revenue from sales of vehicles and parts increased by 169.0% from RMB4,749.6 million in 2021 to RMB12,777.6 million in 2022, primarily driven by (i) an increase in our vehicle deliveries, (ii) higher average selling price as a result of our increased sales of vehicle models targeting higher price ranges in the mid-level NEV market segment, and (iii) increased sales of parts, reflecting our increased vehicle sales and increased market share.

Sales of automotive regulatory credits. Our revenue from sales of automotive regulatory credits decreased from RMB231.5 million in 2021 to nil in 2022, as the Chinese government was in the process of establishing a more well-established automotive regulatory credit trading management mechanism.

Rendering of service. Our revenue from rendering of service increased significantly by 253.7% from RMB41.5 million in 2021 to RMB146.8 million in 2022, which was generally in line with the growth in our vehicle delivery.

Others. Our revenue from others increased by 95.1% from RMB64.2 million in 2021 to RMB125.3 million in 2022, primarily due to an increase in financing income from auto financing arrangements, reflecting an increase in vehicles sold.

Cost of Sales

Our cost of sales increased by 133.9% from RMB6,834.7 million in 2021 to RMB15,988.5 million in 2022, mainly due to more raw material procurement driven by our increased vehicle sales and deliveries.

Gross Loss and Gross Margin

We recorded (i) a gross loss of RMB1,747.8 million and RMB2,938.8 million in 2021 and 2022, respectively, and (ii) a gross margin of negative 34.4% and negative 22.5% in 2021 and 2022, respectively. While we experienced significant revenue growth in 2021 and 2022, we incurred gross losses in 2021 and 2022, primarily due to high cost of sales as we were in the early production stage. Our gross margin increased as we optimized products mix to focus on smart NEV models with higher average selling prices.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 49.9% from RMB695.4 million in 2021 to RMB1,042.5 million in 2022. The increase primarily reflected our enhanced marketing efforts.

General and Administrative Expenses

Our general and administrative expenses increased by 44.2% from RMB726.7 million in 2021 to RMB1,047.8 million in 2022, primarily attributable to the increase in share-based compensation and the increased headcounts of administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 67.5% from RMB541.0 million in 2021 to RMB906.2 million in 2022, primarily reflecting our enhanced R&D efforts.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased by 157.5% from RMB14.9 million in 2021 to RMB38.3 million in 2022, primarily attributable to an increase in provisions of expected credit loss on trade receivables and finance lease receivables driven by increased sales volume.

Other Income

Our other income decreased by 19.0% from RMB155.3 million in 2021 to RMB125.8 million in 2022, primarily due to a decrease in government subsidies.

Other Losses, Net

Our other losses, net decreased by 89.0% from RMB934.0 million in 2021 to RMB103.0 million in 2022, primarily as a result of our recognition of fair value changes in derivative liabilities resulting from our series C financing in 2021.

Finance Costs, Net

Our finance costs, net increased by 111.7% from RMB328.1 million in 2021 to RMB694.4 million in 2022, primarily attributable to an increase in interest expenses on financial instruments with preferred rights resulting from our [**REDACTED**] financing.

Income Tax Expense

Our income tax expense increased by 159.9% from RMB8.5 million in 2021 to RMB22.0 million in 2022, primarily due to an increase in current tax expenses of certain of our profit-making subsidiaries.

Loss for the Year

As a result of the foregoing, we incurred a loss of RMB4,840.2 million and RMB6,666.2 million in 2021 and 2022, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates presented.

	As of December 31,		
	2021	**2022**	**2023**
	(in thousands of RMB)		
ASSETS			
Non-current assets:			
Property, plant and equipment	2,258,519	2,619,431	3,194,991
Intangible assets	511,513	1,321,107	1,693,697
Receivables under finance lease arrangement	231,435	335,047	1,032,222
Right-of-use assets	220,692	824,975	863,837
Restricted cash — non-current portion	5,368	150,030	358,438
Other non-current assets	52,549	32,293	104,374
Investments accounted for using the equity method	5,392	6,389	21,217
Total non-current assets	**3,285,468**	**5,289,272**	**7,268,776**
Current assets:			
Cash and cash equivalents	3,605,708	6,757,486	2,836,595
Trade and bills receivables	1,208,313	2,612,541	2,649,711
Restricted cash	2,285,664	4,620,586	2,609,756
Prepayments and other receivables	1,691,658	2,702,580	2,312,354
Inventories	738,914	2,799,510	1,858,183
Contract assets	136,041	167,050	396,810
Current portion of finance lease receivables	378,247	1,871,988	1,194,157
Financial assets at fair value through profit or loss	50,000	419,900	157,335
Financial assets at fair value through other comprehensive income	23,330	–	82,570
Total current assets	**10,117,875**	**21,951,641**	**14,097,471**
Total assets	**13,403,343**	**27,240,913**	**21,366,247**

	As of December 31,		
	2021	**2022**	**2023**
	(in thousands of RMB)		
LIABILITIES			
Non-current liabilities:			
Borrowings	517,730	1,039,908	1,440,317
Lease liabilities	117,950	527,509	613,692
Contract liabilities — non-current	49,323	107,125	144,612
Provisions	24,693	61,731	75,171
Deferred income	10	22,107	72,882
Other long term liabilities	10,000	–	–
Financial instruments with preferred rights	9,189,070	–	–
Total non-current liabilities	**9,908,776**	**1,758,380**	**2,346,674**
Current liabilities:			
Trade and bills payables	2,996,218	6,745,885	6,225,887
Borrowings	981,213	3,926,258	4,316,999
Other payables and accruals	3,542,596	10,055,306	4,871,682
Contract liabilities	388,313	463,336	333,271
Lease liabilities	40,469	263,406	216,397
Provisions	16,315	48,143	76,817
Current income tax liabilities	8,482	3,642	3,905
Advances from customers	325	41,819	43,798
Derivative financial liabilities	1,352,365	–	–
Total current liabilities	**9,326,296**	**21,547,795**	**16,088,756**
Total liabilities	**19,235,072**	**23,306,175**	**18,435,430**
Net assets/(liabilities)	**(5,831,729)**	**3,934,738**	**2,930,817**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Total equity/(deficit)	**(5,831,729)**	**3,934,738**	**2,930,817**
Total equity and liabilities	**13,403,343**	**27,240,913**	**21,366,247**

The following table sets forth our current assets and current liabilities as of the dates presented.

	As of December 31,			As April 30,
	2021	2022	2023	2024
	(in thousands of RMB)			(unaudited)
Current assets:				
Prepayments and other receivables	1,691,658	2,702,580	2,312,354	2,180,503
Trade and bills receivables	1,208,313	2,612,541	2,649,711	1,560,561
Restricted cash	2,285,664	4,620,586	2,609,756	2,389,814
Inventories	738,914	2,799,510	1,858,183	1,618,834
Cash and cash equivalents	3,605,708	6,757,486	2,836,595	402,618
Current portion of finance lease receivables	378,247	1,871,988	1,194,157	1,099,140
Financial assets at fair value through other comprehensive income	23,330	–	82,570	725,053
Financial assets at fair value through profit or loss	50,000	419,900	157,335	143,926
Contract assets	136,041	167,050	396,810	306,871
Total current assets	**10,117,875**	**21,951,641**	**14,097,471**	**10,427,320**
Current liabilities:				
Trade and bills payables	2,996,218	6,745,885	6,225,887	5,280,002
Borrowings	981,213	3,926,258	4,316,999	3,770,805
Other payables and accruals	3,542,596	10,055,306	4,871,682	2,403,970
Contract liabilities	388,313	463,336	333,271	373,243
Lease liabilities	40,469	263,406	216,397	254,511
Provisions	16,315	48,143	76,817	85,704
Current income tax liabilities	8,482	3,642	3,905	14,119
Advances from customers	325	41,819	43,798	39,738
Derivative financial liabilities	1,352,365	–	–	–
Total current liabilities	**9,326,296**	**21,547,795**	**16,088,756**	**12,222,092**
Net current (liabilities)/assets	**791,579**	**403,846**	**(1,991,285)**	**(1,794,772)**

We had net current liabilities of RMB1,794.8 million as of April 30, 2024 as compared to net current liabilities of RMB1,991.3 million as of December 31, 2023, primarily due to (i) a decrease in other payables and accruals of RMB2,467.7 million, and (ii) a decrease in trade and bills payables of RMB945.9 million, partially offset by (i) a decrease in cash and cash equivalents of RMB2,434.0 million, (ii) a decrease in restricted cash of RMB219.9 million, and (iii) a decrease in trade and bills receivables of RMB1,089.2 million.

We had net current liabilities of RMB1,991.3 million as of December 31, 2023 as compared to net current assets of RMB403.8 million as of December 31, 2022, primarily due to (i) a decrease in cash and cash equivalents of RMB3,920.9 million, (ii) a decrease in the current portion of restricted cash of RMB2,010.8 million, (iii) a decrease in inventories of RMB941.3 million, and (iv) a decrease in the current portion of finance lease receivables of RMB677.8 million, partially offset by a decrease in other payables and accruals of RMB5,183.6 million.

We had net current assets of RMB403.8 million as of December 31, 2022 as compared to net current assets of RMB791.6 million as of December 31, 2021, primarily due to (i) an increase in other payables and accruals of RMB6,512.7 million, (ii) an increase in trade and bills payables of RMB3,749.7 million, and (iii) an increase in borrowings of RMB2,945.0 million, partially offset by (i) an increase in cash and cash equivalents of RMB3,151.8 million, (ii) an increase in the current portion of restricted cash of RMB2,334.9 million and (iii) an increase in inventories of RMB2,060.6 million.

Inventories

The following table sets forth a breakdown of our inventories as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Inventories:			
Finished goods	604,082	2,246,176	1,078,114
Raw materials and spare parts	303,530	1,036,357	993,555
Subtotal	**907,612**	**3,282,533**	**2,071,669**
Less: provisions for impairment of raw materials and spare parts	(42,230)	(160,459)	(118,666)
Less: provisions for impairment of finished goods	(126,468)	(322,564)	(94,820)
Subtotal	**(168,698)**	**(483,023)**	**(213,486)**
Total	**738,914**	**2,799,510**	**1,858,183**

Our inventories increased significantly by 278.9% from RMB738.9 million as of December 31, 2021 to RMB2,799.5 million as of December 31, 2022, primarily due to an increase in stock of raw materials and unsold vehicle products. Our inventories decreased to RMB1,858.2 million as of December 31, 2023, primarily resulting from our sale of finished vehicle products.

We make provisions for impairment of inventories when the carrying values of inventories decline below their net realizable value. As of December 31, 2021, 2022 and 2023, we recognized provision for impairment of inventories of RMB168.7 million, RMB483.0 million, and RMB213.5 million, respectively, which represented 22.8%, 17.3%, and 11.5% of the corresponding inventory balance, respectively.

The following table sets forth our inventory turnover days for the years presented.

	For the Year Ended December 31,		
	2021	2022	2023
Inventory turnover days	24	40	54

Note: Calculated using the average of opening and closing balances of the inventories (less provisions for impairment) for such years divided by cost of sales for the relevant years and multiplied by the number of days during such years.

Our inventory turnover days increased from 24 days in 2021 to 40 days in 2022, primarily because we held more inventory in anticipation of increased customer demand.

As of April 30, 2024, RMB1,622.3 million, or approximately 87.3% of our inventory as of December 31, 2023 had been sold or utilized.

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Bills receivables:	**56,043**	**8,221**	**469,367**
Provisions for impairment	(5)	(1)	(63)
Subtotal	**56,038**	**8,220**	**469,304**
Trade receivables:			
Due from third parties			
— Government subsidies receivables for promotion of new energy vehicles	1,113,662	2,476,798	1,198,051
— Receivables from customers for the sales of vehicles and parts	40,948	120,668	795,647
— Others	2,264	14,601	7,175
Due from related parties	3,917	4,847	204,701
Gross trade receivables	1,160,791	2,616,914	2,205,574
Provisions for impairment	(8,516)	(12,593)	(25,167)
Subtotal	**1,152,275**	**2,604,321**	**2,180,407**
Total	**1,208,313**	**2,612,541**	**2,649,711**

Our trade and bills receivables increased by 116.2% from RMB1,208.3 million as of December 31, 2021 to RMB2,612.5 million as of December 31, 2022, which was generally in line with our increased sales of vehicles.

We make provisions for impairment of trade and bills receivables based on our assessment of risk of default and expected losses. We recorded provisions for trade and bills receivables of RMB8.5 million, RMB12.6 million and RMB25.2 million as of December 31, 2021, 2022 and 2023, respectively.

The following table sets for the aging analysis of our trade receivables as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Up to 6 months	723,834	948,249	766,937
6 months to 1 year	246,410	649,993	214,761
1 to 2 years	119,737	938,755	1,215,064
2 to 3 years	69,239	73,519	7,331
Over 3 years	1,571	6,398	1,481
Total	**1,160,791**	**2,616,914**	**2,205,574**

The following table sets forth our trade and bills receivables turnover days for the years presented.

	For the Year Ended December 31,		
	2021	2022	2023
Trade and bills receivables turnover days(1)	57	53	70

Note:

(1) Calculated using the average of opening and closing balances of the trade and bills receivables for such years divided by the total revenue for the relevant year and multiplying by the number of days during such years.

Our trade and bills receivables turnover days decreased from 57 days in 2021 to 53 days in 2022, primarily due to an increase in sales of our vehicles. Our trade and bills receivables turnover days increased from 53 days in 2022 to 70 days in 2023, primarily due to certain delays in payment by customers.

As of April 30, 2024, RMB561.1 million, or 21.2% of our trade and bills receivables as of December 31, 2023 had been settled.

Trade and Bills Payables

The following table sets forth a breakdown of our trade and bills payables as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Trade payables:			
Payables for materials	2,373,992	4,929,254	4,325,909
Payables for freight expenses	27,584	46,129	88,283
Due to related parties	131,038	341,946	22,290
Others	8,766	34,778	43,650
Bills payables			
— Payables for materials	454,838	1,393,778	1,745,755
Total	2,996,218	6,745,885	6,225,887

Our trade and bills payables increased by 125.1% from RMB2,996.2 million as of December 31, 2021 to RMB6,745.9 million as of December 31, 2022, primarily due to increased purchase of goods and services in line with our business growth.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated.

	As at December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Up to 6 months	2,912,256	6,592,352	5,476,480
6 months to 1 year	48,283	104,840	492,110
1 to 2 years	24,475	34,760	227,162
2 to 3 years	9,990	3,781	27,184
Over 3 years	1,214	10,152	2,951
	2,996,218	6,745,885	6,225,887

The following table sets forth our trade and bills payables turnover days for the years presented.

	For the Year Ended December 31,		
	2021	2022	2023
Trade and bill payables turnover days[(1)]	108	110	150

Note:

(1) Calculated using the average of opening and closing balances of the trade and bills payables for such years divided by cost of sales for the relevant years and multiplied by the number of days during such years.

During the Track Record Period, our trade and bills payables turnover days increased from 108 days in 2021 to 110 days in 2022 and 150 days in 2023, primarily due to our enhanced efforts to manage our working capital in 2023.

As of April 30, 2024, RMB3,226.9 million, or approximately 51.8% of our trade and bills payables balance as of December 31, 2023 had been settled.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates presented.

	As of December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Other current liabilities	2,258,946	4,759,928	2,555,347
Accrued expenses			
— Advertising and publicity expenses	179,720	309,329	655,745
— Rebate payables	228,229	421,595	132,071
— Freight expenses	999	18,638	103,263
Payroll and welfare payables	279,025	501,640	406,540
Payables for purchases of property, plant and equipment	357,418	288,000	257,973
Deposit from suppliers	135,153	328,559	223,765
Payables for design and development services	19,115	277,374	209,929
Other taxes payable	29,656	14,113	66,015
Professional service fee	2,262	5,336	9,952
Advance from equity investors	–	3,000,000	–
Due to related parties	455	2,877	8,408
Others	51,618	127,917	242,674
Total	**3,542,596**	**10,055,306**	**4,871,682**

Our other payables and accruals increased by 183.8% from RMB3,542.6 million as of December 31, 2021 to RMB10,055.3 million as of December 31, 2022, primarily due to the advance from investors in series crossover financing. Other payables and accruals decreased by 51.6% to RMB4,871.7 million as of December 31, 2023, primarily due to a decrease in other current liabilities, reflecting a decrease in our endorsement of certain bills receivables in 2022.

Prepayments and Other Receivables

Prepayments and other receivables primarily consist of our prepayment for the purchase of raw materials, deposits and input VAT to be deducted. Prepayments and other receivables increased by 59.8% from RMB1,691.7 million as of December 31, 2021 to RMB2,702.6 million as of December 31, 2022, primarily due to our increased purchase of raw materials in 2022. Prepayments and other receivables decreased by 14.4% to RMB2,312.4 million as of December 31, 2023, primarily due to a decrease in prepayment to a certain major battery supplier in 2023.

Finance Lease Receivables

Our finance lease receivables primarily consist of auto financing receivables. Our finance lease receivables increased from RMB231.4 million as of December 31, 2021 to RMB335.0 million as of December 31, 2022 and further to RMB1,032.2 million as of December 31, 2023, reflecting the growth of our auto financing business.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss were RMB50.0 million, RMB419.9 million and RMB157.3 million as of December 31, 2021, 2022 and 2023, respectively, reflecting changes in our wealth management investment positions.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from financing through issuances of shares and financial instruments, bank borrowings and loans from related parties.

Cash Flows

The following table sets forth our cash flows for the years presented.

	For the Year Ended December 31,		
	2021	2022	2023
	(in thousands of RMB)		
Net cash used in operating activities	(2,991,276)	(5,408,392)	(4,354,422)
Net cash used in investing activities	(1,239,449)	(2,194,806)	(1,896,120)
Net cash generated from financing activities	7,624,911	10,754,603	2,326,500
Net increase/(decrease) in cash and cash equivalents	3,394,186	3,151,405	(3,924,042)
Cash and cash equivalents at the beginning of the year	211,552	3,605,708	6,757,486
Effects of exchange rate changes on cash and cash equivalents	(30)	373	3,151
Cash and cash equivalents at the end of the year	**3,605,708**	**6,757,486**	**2,836,595**

Net Cash Used in Operating Activities

In 2023, our net cash used in operating activities was RMB4,354.4 million, primarily attributable to loss before income tax of RMB6,860.9 million, as adjusted by (i) non-cash items, which primarily included (a) depreciation of property, plant and equipment of RMB517.9 million, (b) amortisation of intangible assets of RMB327.0 million, (c) interest expense of RMB270.1 million, and (d) share-based payment expenses of RMB237.8 million, and (ii) changes in working capital, which primarily comprised of (a) a RMB1,787.1 million decrease in restricted cash, (b) a RMB1,210.9 million decrease in inventories, (c) a RMB390.2 million decrease in prepayments and other receivables, and (d) a RMB90.6 million increase in contract liabilities, partially offset by (a) a RMB2,064.1 million decrease in other payables and accruals, (b) a RMB229.8 million increase in contract assets, and (c) a RMB209.0 million increase in finance lease receivables.

In 2022, our net cash used in operating activities was RMB5,408.4 million, primarily attributable to loss before income tax of RMB6,644.2 million, as adjusted by (i) non-cash items, which primarily included (a) interest expense of RMB838.7 million, (b) depreciation of property, plant and equipments of RMB371.4 million, (c) impairment loss on financial asset of RMB314.3 million, and (d) share-based payment of RMB231.8 million, and (ii) changes in working capital, which primarily comprised of (a) a RMB2,374.9 million increase in inventories, (b) a RMB2,140.5 million increase in restricted cash, (c) a RMB1,630.9 million increase in finance lease receivables, (d) a RMB1,408.3 million increase in trade and bills receivables, and (e) a RMB1,010.9 million increase in prepayments and other receivables, partially offset by (a) a RMB3,749.7 million increase in trade and bills payable, and (b) a RMB3,592.9 million increase in other payables and accruals.

In 2021, our net cash used in operating activities was RMB2,991.3 million, primarily attributable to loss before income tax of RMB4,831.7 million, as adjusted by (i) non-cash items, which primarily included (a) net fair value losses on derivative financial liabilities of RMB921.6 million, (b) interest expense of RMB352.9 million, (c) depreciation of property, plant and equipments of RMB265.4 million, (d) initial recognition cost of derivative financial liabilities of RMB196.5 million, and (e) provision against inventories of RMB123.0 million, and (ii) changes in working capital, which primarily comprised of (a) a RMB1,710.5 million increase in restricted cash, (b) a RMB798.1 million increase in trade and bills receivables, (c) a RMB696.1 million increase in inventories, and (d) a RMB616.8 million increase in finance lease receivables, partially offset by (a) a RMB1,892.0 million increase in trade and bills payable, (b) a RMB2,458.9 million increase in other payables and accruals, (c) a RMB1,270.8 million decrease in prepayments and other receivables, and (d) a RMB392.1 million increase in contract liabilities.

Net Cash Used in Investing Activities

In 2023, our net cash used in investing activities was RMB1,896.1 million. This was primarily due to (i) purchase of financial assets of RMB1,954.7 million, (ii) payments for property, plant and equipment of RMB1,470.1 million, and (iii) payments for intangible assets of RMB699.6 million, partially offset by net proceeds from sale of financial assets of RMB2,218.5 million.

In 2022, our net cash used in investing activities was RMB2,194.8 million. This was primarily due to (i) purchase of financial assets of RMB2,505.4 million, and (ii) payments for property, plant and equipment of RMB988.0 million, partially offset by (i) sale of financial assets of RMB2,140.3 million, and (ii) net proceeds from loans repaid by a related party of RMB308.0 million.

In 2021, our net cash used in investing activities was RMB1,239.4 million. This was primarily due to (i) payments for property, plant and equipment of RMB828.6 million, (ii) loans granted to a related party of RMB320.0 million, (iii) payments for intangible assets of RMB259.2 million, and (iv) purchase of financial assets of RMB50.0 million.

Net Cash Generated from Financing Activities

In 2023, our net cash generated from financing activities was RMB2,326.5 million. This was primarily attributable to (i) proceeds from bank borrowings of RMB4,520.0 million, (ii) proceeds from capital injections from shareholders of RMB2,622.3 million, and (iii) proceeds from other borrowings of RMB1,034.0 million, partially offset by repayments of bank borrowings of RMB4,591.8 million.

In 2022, our net cash generated from financing activities was RMB10,754.6 million. This was primarily attributable to (i) proceeds from bank borrowings of RMB6,088.8 million, (ii) proceeds from issuance of financial instruments to investors of RMB4,393.9 million, and (iii) advance form equity investors of RMB3,000.0 million, partially offset by repayments of bank borrowings of RMB3,029.1 million.

In 2021, our net cash generated from financing activities was RMB7,624.9 million. This was primarily attributable to (i) proceeds from issuance of financial instruments to investors of RMB6,558.9 million, (ii) proceeds from bank borrowings of RMB1,098.5 million, (iii) proceeds from borrowings from related parties of RMB380.0 million, and (iv) proceeds from derivative liability of RMB231.1 million, partially offset by (i) repayments of bank borrowings of RMB287.9 million, and (ii) repayment of borrowings from related parties of RMB200.0 million.

INDEBTEDNESS

Borrowings

The following table sets forth our borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
				(unaudited)
	(in thousands of RMB)			
Non-current				
Loans from related parties	388,771	578,095	668,799	668,799
Bank borrowings, secured	117,350	147,710	414,139	367,350
Bank borrowings, unsecured	–	90,000	–	947,964
Other borrowings, secured	11,609	224,103	357,379	–
Total non-current borrowings	517,730	1,039,908	1,440,317	1,984,113
Current				
Loans from related parties	–	–	315,527	115,135
Bank borrowings, unsecured	115,000	100,000	–	–
Bank borrowings, secured	615,600	1,377,997	2,441,029	2,409,070
Other borrowings, unsecured	129,900	1,318,467	300,000	305,626
Other borrowings, secured	–	552,203	409,137	448,677
Current portion of long-term borrowings	118,692	569,868	844,613	478,754
Interest payables of borrowings	2,021	7,723	6,693	13,543
Total current borrowings	981,213	3,926,258	4,316,999	3,770,805
Total	1,498,943	4,966,166	5,757,316	5,754,918

As of December 31, 2021, 2022, and 2023 and April 30, 2024, our borrowings amounted to RMB1,498.9 million, RMB4,966.2 million, RMB5,757.3 million and RMB5,754.9 million respectively. As of April 30, 2024, we had approximately RMB2,068.3 million of unutilized banking facilities.

Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and borrowings and/or no breaches of relevant covenants during the Track Record Period and up to the date of this document.

Lease Liabilities

Our lease liabilities are primarily in relation to properties that we lease as premises for our office, factories and Neta direct sales stores.

The following table sets forth our lease liabilities as of the dates presented.

	As of December 31,			As of April 30,
	2021	2022	2023	2024
				(unaudited)
	(in thousands of RMB)			
Current	40,469	263,406	216,397	254,511
Non-current	117,950	527,509	613,692	415,651
Total	**158,419**	**790,915**	**830,089**	**670,162**

No other Outstanding Indebtedness

Except as disclosed above, as of April 30, 2024, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2024 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditure in 2021, 2022, and 2023 was RMB1,210.6 million, RMB1,877.9 million, and RMB1,941.7 million, respectively, primarily reflecting construction of factories, purchase of production equipment and investment in our R&D platforms. We expect that our capital expenditures in 2024 to primarily consist of construction of factories, purchase of production equipment and investment in our R&D platforms. We intend to fund our future capital expenditures primarily with cash generated from our operating activities and [**REDACTED**] from the [**REDACTED**] and other financing activities. See the section headed "Future Plans and Use of [**REDACTED**]" for more details.

CONTRACTUAL OBLIGATIONS

Capital Commitments

Other than the items displayed below, we had no material capital commitments as of the dates indicated.

	As of December 31,		
	2021	**2022**	**2023**
	(in thousands of RMB)		
No more than one year:			
Property, plant and equipment	170,810	183,363	413,833
Intangible assets	20,665	15,341	32,718
More than one year:			
Property, plant and equipment	34,606	27,995	12,223
Intangible assets	12,517	632	–
Total	**238,598**	**227,331**	**458,774**

Contingent Liabilities

As of December 31, 2021, 2022, and 2023 and April 30, 2024, we did not have any contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have any off-balance sheet arrangements as of December 31, 2023.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and interest rate risk.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of our respective entities. We mainly operate in the PRC with most of our transactions settled in RMB. Although currently do not have any foreign currency hedging policy, our management closely monitors our foreign exchange exposure and may consider hedging significant foreign currency exposure should the need arise.

Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash, finance lease receivables, financial assets at FVOCI as well as trade and bills receivables and other receivables. The carrying amounts of the above financial assets represent our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, we mainly place cash and cash equivalents, restricted cash and financial assets at FVOCI with reputable commercial banks that are all high-credit-quality financial institutions in the PRC.

To manage risk arising from trade and bills receivables and finance lease receivables, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and bills receivables and finance lease receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade and bills receivables and finance lease receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and bills receivables and finance lease receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other financial assets carried at amortized cost (excluding input VAT to be deducted and prepayments), management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Our trade receivables and contract assets contains receivables for government subsidies for promotion of NEVs which has insignificant credit risk.

Liquidity Risk

We regularly monitor our liquidity risk and maintain adequate cash and cash equivalents to meet our liquidity requirements.

Interest Rate Risk

Our interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. We did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk during the Track Record Period.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. The amounts due to related parties as of December 31, 2021, 2022, and 2023 are substantially all trade in nature. For more details about our related party transactions during the Track Record Period, see note 38 to the Accountant's Report set out in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis and entered into in the ordinary course of business, and would not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND POLICY

The determination of whether to pay a dividend and in which amount is based on our results of operations, cash flow, financial condition, future business prospects, statutory and regulatory restrictions and other factors that the Board of Directors deems relevant.

Under PRC law, we may only pay dividends out of profit after tax. Profit after tax for a given year represents net profit as determined under PRC GAAP or IFRS or the accounting standards of the overseas jurisdiction where the shares are listed, whichever is lower, less:

- any of its accumulated losses in prior years;
- appropriations we are required to make to the statutory reserve, which is currently 10% of our net profit as determined under PRC GAAP, until such reserve reaches an amount equal to 50% of our registered capital; and
- appropriations to a discretionary surplus reserve as approved by the shareholders at a general meeting.

We are not allowed to distribute profits to the shareholders until we have made up our losses and made appropriations to our statutory surplus reserve and general reserves.

We did not distribute any dividends during the Track Record Period because we did not have any distributable profits.

WORKING CAPITAL CONFIRMATION

We had negative operating cash flow of RMB2,991.3 million, RMB5,408.4 million and RMB4,354.4 million in 2021, 2022 and 2023, respectively. Negative operating cash flows may pose certain risks for our operations, including risks related to our working capital sufficiency. See "Risk Factors — Risks Related to Our Business and Industry — We recorded gross losses and net losses, net current liabilities and negative net cash flows from operations in the past, all of which may continue in the future."

Despite that we recorded operating cash outflow during the Track Record Period, we replenished our working capital in 2024 through (i) proceeds from investments of RMB1.2 billion, (ii) long-term bank borrowings of RMB2.1 billion, and (iii) proceeds from issuance of convertible bonds of RMB1 billion.

We plan to adopt various measures to increase profitability. See "Business — Path to Profitability". Our Directors are of the view, and the Joint Sponsors concur, that, considering these measures, which we believe will enable us to generate more cash flows from operating activities, and the financial resources available to us, including our existing cash and cash equivalents on hand, unutilized bank facilities and the estimated net [**REDACTED**] from the [**REDACTED**], supplemented by our strong fund-raising capabilities (including government funding), we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2023, we did not have any distributable reserves.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**]) and no exercise of the [**REDACTED**]), which accounts for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately of [**REDACTED**] million in [**REDACTED**] and HK$[**REDACTED**] in [**REDACTED**] (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining approximately HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive loss.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF OUR GROUP ATTRIBUTABLE TO OWNERS OF OUR COMPANY

See Unaudited [**REDACTED**] Financial Information in Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2023, which is the end date of the periods reported on in the Accountant's Report included in Appendix I to this document, and there is no event since December 31, 2023 that would materially affect the information as set out in the and the Accountant's Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Strategies."

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] based on an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]) and assuming no exercise of the [**REDACTED**], or HK$[**REDACTED**] if the [**REDACTED**] is exercised in full, after deducting [**REDACTED**] discounts and commissions and other estimated [**REDACTED**] expenses paid and payable by us in relation to the [**REDACTED**].

In line with our strategies, we plan to apply the net [**REDACTED**] from the [**REDACTED**] in the following amounts and manner:

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used in our strategic expansion into overseas markets to enhance the global influence of our Neta brand:

  o to further invest in the Southeast Asian market and rapidly expand into more markets with growth potential such as Latin America, the Middle East, and Africa. We plan to improve our global operation capabilities, including establishing more subsidiaries or branches in key overseas markets and recruiting more international professional talents;

  o to further localize our overseas supply chain to support our rapid overseas sales growth. We plan to continue to adopt an asset-light model and cooperate with high-quality local manufacturing partners to enhance our production capacities pursuant to supportive local regulations and policies; and

  o to cooperate with overseas distributors, set up more overseas stores, expand sales and service network and build overseas sales and service teams;

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to enrich our product portfolio and improve our intelligent vehicle software and hardware technologies:

  o to analyze consumer preferences in different countries and regions and upgrade the exterior design, interior layout, performance and intelligent configurations of our existing vehicle models. We also expect to introduce new vehicle models to expand our product portfolio and meet the demand for more customers globally;

  - o to continue to develop intelligent cockpit and intelligent driving software and hardware technologies. We plan to focus our efforts on developing the next-generation intelligent cockpit system, including in-car AI large models, to achieve further advancements in intelligent interaction, image technology, system security, among others. We will also develop the next-generation NETA intelligent driving system and upgrade hardware configurations to achieve higher levels of intelligent driving functions and accommodate more scenarios for intelligent driving applications. Furthermore, we plan to invest in the development of V2G-related application systems to support the construction of a smart grid system to enable vehicle-to-grid interaction; and

  - o to further invest in the HOZI technology platforms and develop key components and vehicle technologies, including: (i) upgrading the Shanhai platform and Yunhe platform to continually improve the efficiency and cost-effectiveness of product development and iteration; (ii) developing key components such as 800V high-voltage architecture, heat pumps, range extenders, and integrated chassis to reinforce our unique advantages and reduce manufacturing costs; and (iii) upgrading and iterating our electronic and electrical architectures and the HOZI Intelligent Super Controller, aiming at providing continual technical support to fuel our leading intelligent driving capabilities;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to expand our sales, service, and charging infrastructure network in China, as well as to fund digital marketing and user community operations:

  - o to expand sales and service network in China through a combination of direct sales model and distributor model. We plan to open more stores in major cities where we operate and penetrate into more cities with growth potential; and

  - o to enhance our full-scenario charging system, we plan to expand our charging network through collaboration with more charing operators. We also plan to invest in the development and upgrading of our high-voltage charging technologies to allow faster and safer charging;

  - o to invest in digital marketing by including richer online features and personalized recommendations in our website, mobile applications and social media accounts, user communities, as well as organizing more offline events and activities; and

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for working capital and other general corporate purposes.

In the event that the [**REDACTED**] is fixed at the high or low end of the indicative [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] or HK$[**REDACTED**], respectively. If we make an upward or downward [**REDACTED**] to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**], we will increase or decrease the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the maximum [**REDACTED**]), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**]) and (iii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the minimum [**REDACTED**]).

To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in bank deposits at authorized financial institutions and licensed banks. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages [I-[●]] to [I-[●]], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HOZON NEW ENERGY AUTOMOBILE COMPANY LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, MORGAN STANLEY ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED, ABCI CAPITAL LIMITED AND CMB INTERNATIONAL CAPITAL

Introduction

We report on the historical financial information of Hozon New Energy Automobile Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-[●]] to [I-[●]], which comprises the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 (the "Track Record Period") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-[●]] to [I-[●]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021, 2022 and 2023, the consolidated financial position of the Group as at 31 December 2021, 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-[●]] have been made.

Dividends

We refer to Note [12] to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Track Record Period.

[**PricewaterhouseCoopers**]
Certified Public Accountants
Hong Kong
[*Date*]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board ("IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all amounts are rounded to nearest thousands of RMB (RMB'000), unless otherwise stated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended 31 December		
		2021	**2022**	**2023**
		RMB'000	**RMB'000**	**RMB'000**
Revenue	5	5,086,851	13,049,695	13,554,664
Cost of sales	8	(6,834,692)	(15,988,481)	(15,569,038)
Gross loss		(1,747,841)	(2,938,786)	(2,014,374)
Selling and distribution expenses	8	(695,361)	(1,042,474)	(1,923,371)
General and administrative expenses	8	(726,699)	(1,047,779)	(1,154,126)
Research and development expenses	8	(541,041)	(906,242)	(1,597,853)
Net impairment losses on financial assets	3	(14,863)	(38,275)	(204,634)
Other income	6	155,315	125,829	167,199
Other losses, net	7	(934,042)	(103,005)	(30,953)
Operating loss		(4,504,532)	(5,950,732)	(6,758,112)
Finance income	9	24,798	144,229	166,932
Finance costs	9	(352,887)	(838,668)	(270,052)
Financial cost — net		(328,089)	(694,439)	(103,120)
Share of net profit of associates accounted for using the equity method	19	895	997	328
		(4,831,726)	(6,644,174)	(6,860,904)
Loss before income tax				
Income tax expense	10	(8,482)	(22,042)	(6,197)
Loss for the year		(4,840,208)	(6,666,216)	(6,867,101)
Loss for the year attributable to				
Owners of the Company		(4,840,208)	(6,666,226)	(6,808,091)
Non-controlling interest		–	10	(59,010)
		(4,840,208)	(6,666,216)	(6,867,101)
Loss per share attributable to the owners of the Company (in RMB)				
— Basic and diluted loss per share	13	(3.23)	(3.09)	(2.56)

		Year ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	**RMB'000**	**RMB'000**
Other comprehensive income for the year				
Items that may be reclassified to profit or loss				
Changes in the fair value of financial instruments at fair value through other comprehensive income		1	(1)	–
Exchange difference on translation		–	127	3,073
Other comprehensive income for the year		1	126	3,073
Total comprehensive loss for the year		(4,840,207)	(6,666,090)	(6,864,028)
Total comprehensive loss for the year attributable to				
Owners of the Company		(4,840,207)	(6,666,100)	(6,805,018)
Non-controlling interest		–	10	(59,010)
		(4,840,207)	(6,666,090)	(6,864,028)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	2,258,519	2,619,431	3,194,991
Right-of-use assets	*15*	220,692	824,975	863,837
Intangible assets	*16*	511,513	1,321,107	1,693,697
Receivables under finance lease arrangement	*17*	231,435	335,047	1,032,222
Investments accounted for using the equity method	*19*	5,392	6,389	21,217
Other non-current assets	*20*	52,549	32,293	104,374
Restricted cash-non current portion	*26*	5,368	150,030	358,438
Total non-current assets		3,285,468	5,289,272	7,268,776
Current assets				
Inventories	*22*	738,914	2,799,510	1,858,183
Contract assets	*5*	136,041	167,050	396,810
Trade and bills receivables	*23*	1,208,313	2,612,541	2,649,711
Current portion of receivables under finance lease arrangement	*17*	378,247	1,871,988	1,194,157
Prepayments and other receivables	*24*	1,691,658	2,702,580	2,312,354
Financial assets at fair value through profit or loss	*25*	50,000	419,900	157,335
Financial assets at fair value through other comprehensive income	*25*	23,330	–	82,570
Restricted cash	*26*	2,285,664	4,620,586	2,609,756
Cash and cash equivalents	*26*	3,605,708	6,757,486	2,836,595
Total current assets		10,117,875	21,951,641	14,097,471
Total assets		13,403,343	27,240,913	21,366,247

		As at 31 December		
	Note	2021	2022	2023
		RMB'000	RMB'000	RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	*30*	517,730	1,039,908	1,440,317
Contract liabilities-non current	*5*	49,323	107,125	144,612
Lease liabilities	*15*	117,950	527,509	613,692
Deferred income		10	22,107	72,882
Provisions	*33*	24,693	61,731	75,171
Other long term liabilities		10,000	–	–
Financial instruments with preferred rights	*34*	9,189,070	–	–
Total non-current liabilities		9,908,776	1,758,380	2,346,674
Current liabilities				
Trade and bills payables	*31*	2,996,218	6,745,885	6,225,887
Other payables and accruals	*32*	3,542,596	10,055,306	4,871,682
Advances from customers		325	41,819	43,798
Contract liabilities	*5*	388,313	463,336	333,271
Current income tax liabilities		8,482	3,642	3,905
Borrowings	*30*	981,213	3,926,258	4,316,999
Lease liabilities	*15*	40,469	263,406	216,397
Derivative financial liabilities	*35*	1,352,365	–	–
Provisions	*33*	16,315	48,143	76,817
Total current liabilities		9,326,296	21,547,795	16,088,756
Total liabilities		19,235,072	23,306,175	18,435,430
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Paid-in capital	*27*	1,910,986	2,415,000	–
Share capital	*27*	–	–	2,763,150
Treasury stock	*28*	(8,759,040)	–	–
Reserves	*28*	9,352,973	16,524,508	10,639,706
Accumulated losses		(8,336,648)	(15,004,780)	(10,413,039)
Capital and reserves attributable to owners of the Company		(5,831,729)	3,934,728	2,989,817
Non-controlling interests		–	10	(59,000)
Total (deficit)/equity		(5,831,729)	3,934,738	2,930,817
Total equity and liabilities		13,403,343	27,240,913	21,366,247

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	1,499,111	1,782,139	2,246,347
Right-of-use assets	*15*	71,786	78,787	57,603
Intangible assets	*16*	444,324	1,273,802	1,603,970
Investments in subsidiaries	*18*	2,358,648	3,574,916	4,502,734
Other non-current assets	*20*	39,543	25,469	18,672
Restricted cash-non current portion	*26*	–	93,393	–
Total non-current assets		4,413,412	6,828,506	8,429,326
Current assets				
Inventories	*22*	231,193	1,105,150	458,086
Contract assets	*5*	136,041	167,050	68,747
Trade and bills receivables	*23*	3,553,527	8,761,603	8,630,959
Prepayments and other receivables	*24*	2,493,712	3,047,854	2,571,998
Financial assets at fair value through profit or loss		50,000	–	15,000
Financial assets at fair value through other comprehensive income	*25*	200,010	–	–
Restricted cash	*26*	760,028	1,625,689	414,828
Cash and cash equivalents	*26*	1,684,579	3,826,359	583,542
Total current assets		9,109,090	18,533,705	12,743,160
Total assets		13,522,502	25,362,211	21,172,486

	Note	As at 31 December 2021	2022	2023
		RMB'000	RMB'000	RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	*30*	388,771	758,095	758,799
Contract liabilities-non current	*5*	49,323	107,125	144,612
Lease liabilities	*15*	20,528	15,963	7,282
Deferred income		21	600	15,457
Provisions	*33*	24,693	61,731	75,171
Financial instruments with preferred rights	*34*	9,189,070	–	–
Total non-current liabilities		9,672,406	943,514	1,001,321
Current liabilities				
Trade and bills payables	*31*	2,269,079	7,743,959	7,551,690
Other payables and accruals	*32*	2,440,799	5,916,368	1,682,367
Contract liabilities	*5*	1,803,865	4,283,890	1,952,079
Borrowings	*30*	374,563	361,597	1,181,962
Lease liabilities	*15*	7,254	18,452	9,455
Derivative financial liabilities	*35*	1,352,365	–	–
Provisions	*33*	16,315	48,143	76,817
Total current liabilities		8,264,240	18,372,409	12,454,370
Total liabilities		17,936,646	19,315,923	13,455,691
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Paid-in capital	*27*	1,910,986	2,415,000	–
Share capital	*27*	–	–	2,763,150
Treasury stock	*28*	(8,759,040)	–	–
Reserves	*28*	9,352,973	16,524,508	10,639,706
Accumulated losses		(6,919,063)	(12,893,220)	(5,686,061)
Total (deficit)/equity		(4,414,144)	6,046,288	7,716,795
Total equity and liabilities		13,522,502	25,362,211	21,172,486

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Paid-in capital	Share capital	Treasury stock	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,130,496	–	(1,989,783)	3,268,128	(3,494,188)	(1,085,347)	–	(1,085,347)
Loss for the year	–	–	–	–	(4,840,208)	(4,840,208)	–	(4,840,208)
Fair value change through other comprehensive income:	–	–	–	1	–	1	–	1
Contributions of equity, net of transaction costs and tax *(Notes 27, 28)*	780,490	–	–	5,778,377	–	6,558,867	–	6,558,867
Recognition of financial instruments with preferred rights at amortized cost *(Note 28)*	–	–	(6,769,257)	–	–	(6,769,257)	–	(6,769,257)
Derecognition of derivative financial liabilities *(Note 35)*	–	–	–	253,572	–	253,572	–	253,572
Share-based payments *(Note 29)*	–	–	–	50,643	–	50,643	–	50,643
Profit appropriation to statutory reserves	–	–	–	2,252	(2,252)	–	–	–
At 31 December 2021	1,910,986	–	(8,759,040)	9,352,973	(8,336,648)	(5,831,729)	–	(5,831,729)
At 1 January 2022	1,910,986	–	(8,759,040)	9,352,973	(8,336,648)	(5,831,729)	–	(5,831,729)
Loss for the year	–	–	–	–	(6,666,226)	(6,666,226)	10	(6,666,216)
Other comprehensive income:								
– Currency translation difference	–	–	–	127	–	127	–	127
– Fair value change through other comprehensive income:	–	–	–	(1)	–	(1)	–	(1)
Contributions of equity, net of transaction costs and tax *(Notes 27, 28)*	504,014	–	–	4,368,142	–	4,872,156	–	4,872,156
Recognition of financial instruments with preferred rights at amortized cost *(Note 34)*	–	–	(4,582,897)	–	–	(4,582,897)	–	(4,582,897)
Derecognition of financial instruments with preferred rights at amortised cost *(Note 28)*	–	–	13,341,937	1,113,488	–	14,455,425	–	14,455,425
Derecognition of derivative financial liabilities *(Note 35)*	–	–	–	1,456,050	–	1,456,050	–	1,456,050
Share-based payments *(Note 29)*	–	–	–	231,823	–	231,823	–	231,823
Profit appropriation to statutory reserves	–	–	–	1,906	(1,906)	–	–	–
At 31 December 2022	2,415,000	–	–	16,524,508	(15,004,780)	3,934,728	10	3,934,738

	Attributable to owners of the Company							
	Paid-in capital	Share capital	Treasury stock	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	2,415,000	–	–	16,524,508	(15,004,780)	3,934,728	10	3,934,738
Loss for the year	–	–	–	–	(6,808,091)	(6,808,091)	(59,010)	(6,867,101)
Other comprehensive income:								
– Currency translation difference	–	–	–	3,073	–	3,073	–	3,073
Conversion into a joint stock company *(Note 27)*	(2,415,000)	2,415,000	–	(11,399,832)	11,399,832	–	–	–
Contributions of equity, net of transaction costs and tax *(Notes 27, 28)*	–	348,150	–	5,274,148	–	5,622,298	–	5,622,298
Share-based payments *(Note 29)*	–	–	–	237,809	–	237,809	–	237,809
At 31 December 2023	–	2,763,150	–	10,639,706	(10,413,039)	2,989,817	(59,000)	2,930,817

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Net cash used in operations	*36*	(3,008,341)	(5,465,573)	(4,443,318)
Interest received from cash at bank		17,799	85,127	94,830
Income taxes paid		(734)	(27,946)	(5,934)
Net cash used in operating activities		(2,991,276)	(5,408,392)	(4,354,422)
Cash flows from investing activities				
Payments for property, plant and equipment		(828,574)	(988,047)	(1,470,136)
Payments for intangible assets		(259,217)	(906,288)	(699,596)
Payment of restricted cash		–	(52,986)	–
Receipts of restricted cash		–	–	19,802
Purchase of financial assets at fair value through profit or loss		(50,000)	(2,505,400)	(1,954,657)
Sale of financial assets at fair value through profit or loss		–	2,140,312	2,218,518
Proceeds from disposals of property, plant and equipment		6,342	4,791	3,153
Payment for investment in an associate	*19*	–	–	(14,500)
Interest received from financial assets at fair value through profit or loss	*7*	–	4,812	1,296
Loans to a related party	*38(b)*	(320,000)	(200,000)	–
Repayment of loans to a related party	*38(b)*	212,000	308,000	–
Net cash used in investing activities		(1,239,449)	(2,194,806)	(1,896,120)

		Year ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	**RMB'000**	**RMB'000**
Cash flows from financing activities				
Capital injections from shareholders		–	478,259	2,622,298
Proceeds from issuance of financial instruments to investors		6,558,867	4,393,897	–
Proceeds from bank borrowings	*36*	1,098,500	6,088,845	4,520,036
Repayments of bank borrowings	*36*	(287,900)	(3,029,142)	(4,591,752)
Proceeds from borrowings from related parties	*38(b)*	379,951	189,324	90,704
Repayment of borrowings from related parties	*38(b)*	(200,000)	–	–
Proceeds from other-borrowing		23,131	225,582	1,033,974
Repayment of other-borrowing		(6,690)	(19,923)	(901,872)
Proceeds from derivative financial liabilities	*27(b)*	231,133	–	–
Principal payments of lease liabilities		(66,480)	(130,134)	(162,690)
Interest paid for borrowings		(49,641)	(127,603)	(213,726)
Interest paid for lease liabilities		(5,430)	(20,755)	(56,182)
Advance from equity investors	*33*	–	3,000,000	–
Payment of restricted cash for bank and other borrowings		(50,000)	(286,146)	(4,454)
Payments for listing expense		(530)	(7,601)	(9,836)
Net cash generated from financing activities		7,624,911	10,754,603	2,326,500
Net increase/(decrease) in cash and cash equivalents		3,394,186	3,151,405	(3,924,042)
Cash and cash equivalents at beginning of the year	*26*	211,552	3,605,708	6,757,486
Effects of exchange rate changes on cash and cash equivalents		(30)	373	3,151
Cash and cash equivalents at end of the year	*26*	3,605,708	6,757,486	2,836,595

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

1.1 General information

Hozon New Energy Automobile Co., Ltd. (the "Company") was incorporated in Tongxiang city, Zhejiang province, People's Republic of China (the "PRC") on 16 October 2014 as a limited liability company under the Company Law of PRC. The address of the Company's registered office is No. 988, Tongren Road, Tongxiang City, Zhejiang Province, PRC.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the design, development, manufacturing and sales of new energy vehicles in the PRC and overseas. The Group commenced delivery of the first volume manufactured electric vehicles for sale in October, 2014. The Company was converted into a joint stock company in February 2023.

2 BASIS OF PREPARATION AND ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss ("FVPL") or other comprehensive income ("FVOCI"), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Group incurred net loss of approximately RMB6,867,101,000 and operating cash outflow of approximately RMB4,354,422,000 for the year ended 31 December 2023. As at December 31, 2023, the Group's current liabilities exceeded its current assets by RMB1,991,285,000. The directors of the Company assessed the Group's liquidity by evaluating its ability to generate cash from operating activities, obtain additional capital or other means of financing activities. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of financing from investors to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues, controlling operating expenses and capital expenditures, as well as generating operating cash flows, obtaining funding and financial support from existing and new investors. The Group subsequently obtained RMB1,200,000,000 capital injection from Series Crossover investors in June 2024, received several long term bank loans with a total amount of RMB2,176,630,980 from May to June 2024 and issued two convertible bonds in April and June 2024 respectively with a total amount of RMB1,060,000,000. The above financing activities were disclosed in Note 41.

Based on the above factors and taking into account the Group's historical performance and management's cash flow projections of the Group, the available financial resources including cash and cash equivalents, wealth management products and the forecast operating, investing and financing cash flows, the directors of the Company are of the opinion that the Group will have sufficient cash to fund the Group's planned operations and capital expenditures and meet in full the Group's financial obligations as they fall due for at least the next twelve months after 31 December 2023. Therefore, the Historical Financial Information have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

Accounting policies

The accounting policies applied in the preparation of the financial information has been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this historical financial information, a summary of the other accounting policies information has been set out in Note 2.3 to this historical financial information.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on or after 1 January 2023, have been consistently applied to the Group throughout the Track Record Period.

New standards and interpretations not yet adopted

The followings are new standards, amendments to existing standards and new interpretations that have been issued but are not effective for the Track Record Period and have not been early adopted. The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	January 1, 2024
Amendments to IAS 1	Non-Current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16 . . .	Lease liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and annual improvements. According to the preliminary assessment made by the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Material accounting policy information

2.2.1 Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed obligations, the Group presents the contract on the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of return, trade allowances and amounts collected on behalf of third parties. In those agreements where the transaction with period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, revenue is measured at transaction prices adjusted for the time value of money. The variable consideration is estimated by applying the expected value method.

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceeds the measure of the remaining unsatisfied performance obligations.

The accounting policy for the Group's principal revenue sources

(a) Sales of vehicles and parts

The Group manufactures and sells electric vehicles and related parts in the market, and generates revenue from sales of electric vehicles, together with a number of embedded products through a contract. There are multiple distinct performance obligations explicitly stated in a series of contracts including sales of vehicles. The revenue for sales of the vehicles and parts is recognized at a point in time when the control of the vehicles and parts are transferred to the customer. The standard warranty provided by the Group is accounted for as provisions, and the estimated costs are recorded as a liability when the Group transfers the control of vehicle to a customer.

Vehicles buyers in the PRC and Thailand are entitled to government subsidies when they purchase electric vehicles. For efficiency purpose and better customer service, the Group applies for and collects such government subsidies on behalf of the customers. Accordingly, customers only pay the amount after deducting government subsidies. The Group determines that the government subsidies should be considered as part of the transaction price because the subsidy is granted to the buyer of the electric vehicle and the buyer remains liable for such amount in the event the subsidies were not received by the Group due to the buyer's fault such as refusal or delay of providing application information.

Initial refundable deposits for intention orders received from customers prior to the signing of vehicle purchase agreements are recognized as advances from customers.

The Group has certain bill-and-hold arrangements with customers. Revenue is recognized when control of the goods is transferred to the customer and meets certain bill-and-hold criteria.

(b) Sales of automotive regulatory credits

The Group earns tradable automotive regulatory credits in the operation of vehicle business under the Measures for the Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises issued by Ministry of Industry and Information Technology of the People's Republic of China. The Group sells these credits to other regulated entities who can use the credits to comply with the regulatory requirements.

Payments for automotive regulatory credits are typically received at the point the control of the regulatory credits transfers to the purchasing party, or in accordance with payment terms customary to the business. The Group recognizes the sale of automotive regulatory credits as revenue at the time when the control of the regulatory credits has been transferred to the purchasing party.

(c) Services

The Group also provided multiple embedded services including extended warranty, vehicle internet connection service, firmware Over-The-Air (OTA) and charging solution including installation of home chargers for Neta owners in a series of contracts for sales of vehicles. The aforementioned services are accounted for as separate performance obligations. The revenue of installation of home chargers is recognized at point in time when the installation is completed and the Group recognized the revenue of other aforementioned services using a straight-line method over the service period. A contract liability is recognized for payments received in which revenue has not been recognized.

(d) Rent of vehicles

The Group recognizes the revenue according to the lease contract during the lease period.

2.2.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives, which range from 2 to 5 years, of the related assets. Depreciation of all other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Machinery and molds	3-10 years
Motor vehicles	3-5 years
Electronic equipment, furniture and office equipment	2-5 years
Leasehold improvement	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.4).

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Completed assets are transferred to their respective asset classes and depreciation begins when an asset is ready for its intended use. Interest expense on outstanding debt is capitalized during the period of significant capital asset construction. Capitalized interest expense on construction-in-progress is included within property, plant and equipment and is amortized over the life of the related assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses, net" in the consolidated statements of comprehensive loss.

2.2.3 Intangible assets

i. Unpatented technology

Unpatented technology are recognized at historical cost at the time of acquisition and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The Group's non-proprietary technology rights have an expected beneficial life ranging from 5 to 10 years and are therefore amortised on a straight-line basis over their estimated useful lives from 5 to 10 years.

ii. Software

Acquired and self-developed software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group's software is amortized on a straight-line basis over their estimated useful lives from 5 to 10 years.

iii. Development Cost

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Corresponding projects that meet the above conditions in the Group are initiated after technical feasibility and economic feasibility studies and progressed into the development phase. Capitalised development costs are stated as development expenditures in the balance sheet and transferred to intangible assets at the date when the items are ready for the intended use.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during the year.

2.2.4 Impairment of non-financial assets

Assets except for development cost are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.2.5 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash restricted for guaranteed deposits, for bank borrowings or issuance of notes payables or other purpose are included in the restricted cash on the consolidated statement of financial position.

2.2.6 Leases

(a) As a lessee

The Group leases buildings and land use right as lessee. Rental contracts are typically made for fixed periods of 1 to 50 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of buildings, equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of office furniture.

(b) As a lessor

The Group provides vehicle leasing service to customers under operating lease and finance lease.

i. Operating lease

The Group recognizes the lease payments as vehicle leasing income in profit or loss over the lease term on a straight-line basis.

ii. Finance lease

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognized as receivables under finance lease arrangement, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognized as unearned finance income. The net amount of receivables under finance lease arrangement less unearned finance income is divided into f receivables under finance lease arrangement — net and current portion of receivables under finance lease arrangement — net due within one year for presentation.

When the Group acts as a manufacturer lessor of a financial lease, at the inception of the lease term, the Group recognises the income based on the lower of the fair value of the leased asset and the present value of the lease receipts discounted at the market interest rate, and recognises the cost of sales based on the balance after deducting the present value of the unguaranteed residual value from the carrying amount of the leased asset. The costs incurred by the Group to obtain finance leases are recognised in consolidated statements of comprehensive loss at the inception of the lease term.

Receivables under finance lease arrangement are carried at amortized cost net of loss allowance for receivables under finance lease arrangement. When determining the loss allowance for a net investment in the lease, the Group takes into consideration the collateral relating to the net investment in the lease. The collateral relating to the net investment in the lease represents the cash flows that the Group would expect to receive (or derive) from the lease receivable and the unguaranteed residual asset during and following the end of the remaining lease term.

Lease income from finance lease is recognized in revenue using the effective interest method.

2.2.7 Financial instruments with preferred rights

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the Company's obligations to purchase are conditional on the counterparty exercising a right to redeem, the financial instruments with preferred rights are recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

2.3 Other potentially material accounting policy information

2.3.1 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of financial position respectively.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost.

iii. Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated statement of financial position.

iv. Equity method of accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income ("OCI") of the investee in OCI. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2.4.

2.3.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.3.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.3.5 Foreign currencies

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Historical Financial Information is presented in RMB, which is the functional currency of the Company and its Mainland China subsidiaries and also the presentative currency of the Company. The functional currency of the Group's subsidiaries incorporated in Thailand and Hong Kong are Thai Baht (THB) and US Dollars (USD) respectively.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss on a net basis within "other losses, net".

2.3.6 Financial assets

i. Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and measurement

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

iv. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other losses, net". Impairment losses are presented as separate line item in the statements of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the profit or loss and recognized in "other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses, net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL in profit or loss and presented net in "other losses, net" in the period in which it arises.

v. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss and presented in "other losses, net" in the consolidated statements of comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.3.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.3.8 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents and restricted cash, the expected credit loss risk is considered immaterial.

For trade and bills receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade and bills receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment of other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.3.9 Inventories

Raw materials, spare parts and finished goods are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis and includes costs to acquire and other costs to bring the inventories to their present location and condition. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.10 Derivative financial liabilities

Derivative financial liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivative financial instruments are recognized in profit or loss.

2.3.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and from government for promotion of new energy vehicles. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 23 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.3.12 Paid-in capital/share capital

Ordinary shares are classified as equity. Financial instruments with preferred rights at amortized cost described in Note 34 are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.3.13 Treasury stock

Treasury stock is recorded to reflect the carrying amount of the financial instruments with preferred rights when it is initially reclassified from equity.

2.3.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the Track Record Period.

2.3.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3.17 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company, its subsidiaries, its associates and its joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

2.3.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Track Record Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the Track Record Period are discounted to present value.

2.3.19 Share-based payment

Share-based compensation benefits are provided to employees via employee share schemes. Information relating to these schemes is set out in Note 29.

The restricted stock units ("RSUs") and share options (collectively, "Share-based Awards") are granted to eligible employees and accounts for share-based compensation in accordance with IFRS 2. Share-based awards are measured at the grant date fair value of the awards and recognized as expenses using straight-line method, net of estimated forfeitures, if any, over the requisite service period. For awards with non-market performance conditions, the Company would recognize compensation cost when it concludes that it is probable that the non-market performance condition will be achieved.

The fair value of the RSUs granted prior to the completion of the initial listing were assessed using the back-solve method/discounted cash flow method. This assessment requires complex and subjective judgments regarding the Group's projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants were made. The fair value of share options granted prior to the completion of the initial listing is estimated on the grant or offering date using the Binomial option-pricing model. The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive Share-based Awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Group for accounting purposes.

2.3.20 Provisions

Provisions for legal claims and service warranties are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the Track Record Period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.

2.3.21 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury stock.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3.22 Interest income

Interest income from financial assets at FVPL is included in the "other losses, net", see Note 7 below.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as "finance income" where it is earned from financial assets that are held for cash management purposes, see Note 9 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.3.23 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's risk management is predominantly controlled by the treasury department under policies approved by the Board of Directors of the Company (the "Board of Directors"). The Group's treasury department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, cash flow and interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective Group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group is primarily exposed to changes in RMB/USD and RMB/THB exchange rates. As at 31 December 2021, 2022 and 2023, if the USD strengthened/weakened by 10% against the RMB, with all other variables held constant, loss before income tax for the year then ended would have been approximately RMB11,670,000, RMB3,623,000 and RMB77,853,000 lower/higher respectively as a result of foreign exchange gains/losses on translation of USD or RMB denominated financial assets and liabilities. As at 31 December 2021, 2022 and 2023, if the THB strengthened/weakened by 10% against the RMB, with all other variables held constant, loss before income tax for the year then ended would have been nil, approximately RMB4,006,000 and RMB22,324,000 lower/higher respectively as a result of foreign exchange gains/losses on translation of THB or RMB denominated financial assets and liabilities.

Cash flow and fair value interest rate risk

Except for cash and cash equivalents, restricted cash and receivables under finance lease arrangement (Note 17), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 30. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the Track Record Period.

As at 31 December 2021, 2022 and 2023, if the Group's interest rates on borrowings obtained at variable rates had been higher/lower by 0.5%, loss before income tax for the year then ended would have been approximately RMB719,000, RMB1,173,000 and RMB1,770,000 higher/lower respectively.

Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, receivables under finance lease arrangement, contract assets, financial assets at FVOCI as well as trade and bills receivables and other receivables. The carrying amounts of the above financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk Management

To manage this risk, cash and cash equivalents and restricted cash are mainly placed with reputable commercial banks which are all high-credit-quality financial institutions.

To manage risk arising from trade and bills receivables, contract assets and receivables under finance lease arrangement, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and bills receivables and receivables under finance lease arrangement have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade and bills receivables, contract assets and receivables under finance lease arrangement are written off when there is no reasonable expectation of recovery. Impairment losses on trade and bills receivables and receivables under finance lease arrangement are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other financial assets carried at amortized cost (excluding input VAT to be deducted and prepayments), management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Impairment of financial assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents and restricted cash;
- trade and bills receivables, contract assets and receivables under finance lease arrangement;
- other receivables; and
- financial assets at FVOCI.

(i) Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

(ii) Trade and bills receivables, contract assets and receivables under finance lease arrangement

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables, contract assets and receivables under finance lease arrangement. To measure the expected credit losses, trade and bills receivables, contract assets and receivables under finance lease arrangement have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales over a period of each reporting period and probability of default of counter parties on an ongoing basis throughout each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group's trade receivables and contract assets contains receivables for government subsidies for promotion of new energy vehicles which has insignificant credit risk (Note 23).

(iii) Other receivables

Other receivables mainly include amounts due from relate parties, refundable deposits, payments on behalf of employees and others. All of the Group's financial assets at amortized cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Trade and other receivables are written off when there is no reasonable expectation of recovery.

The movement of loss allowance for trade and bills receivables, contract assets, receivables under finance lease arrangement, other receivables and financial assets at FVOCI during the years ended 31 December 2021, 2022 and 2023 is as follows:

	Trade and bills receivables and contract assets	**Receivables under finance lease arrangement**	**Other receivables**	**Financial assets at FVOCI**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Opening loss allowance as at 1 January 2021	3,581	117	871	–	4,569
Increase in loss allowance recognized in profit or loss during the year	5,078	8,788	996	1	14,863
As at 31 December 2021	**8,659**	**8,905**	**1,867**	**1**	**19,432**
As at 1 January 2022	8,659	8,905	1,867	1	19,432
Increase/(decrease) in loss allowance recognized in profit or loss during the year	4,512	33,540	224	(1)	38,275
As at 31 December 2022	**13,171**	**42,445**	**2,091**	**–***	**57,707**
As at 1 January 2023	13,171	42,445	2,091	–*	57,707
Increase in loss allowance recognized in profit or loss during the year	13,781	189,606	1,247	–*	204,634
As at 31 December 2023	**26,952**	**232,051**	**3,338**	**–***	**262,341**

* The balance represents an amount less than RMB1,000.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021					
Borrowings (including interest payables)	1,032,491	145,689	93,435	397,022	1,668,637
Trade and bills payables *(Note 31)*	2,996,218	–	–	–	2,996,218
Other payables (excluding payroll and welfare payables and other tax) *(Note 32)*	566,021	–	–	–	566,021
Lease liabilities	41,886	56,935	75,193	–	174,014
Other Long term liabilities	–	–	–	10,000	10,000
	4,636,616	202,624	168,628	407,022	5,414,890
As at 31 December 2022					
Borrowings (including interest payables)	4,038,524	420,088	764,361	–	5,222,973
Trade and bills payables *(Note 31)*	6,745,885	–	–	–	6,745,885
Other payables (excluding payroll and welfare payables and other tax) *(Note 32)*	4,030,063	–	–	–	4,030,063
Lease liabilities	278,209	219,440	372,744	–	870,393
	15,092,681	639,528	1,137,105	–	16,869,314
As at 31 December 2023					
Borrowings (including interest payables)	4,427,932	671,329	890,075	–	5,989,336
Trade and bills payables *(Note 31)*	6,225,887	–	–	–	6,225,887
Other payables (excluding payroll and welfare payables and other tax) *(Note 32)*	952,701	–	–	–	952,701
Lease liabilities	220,150	314,504	319,477	7,839	861,970
	11,826,670	985,833	1,209,552	7,839	14,029,894

As at 31 December 2021, the financial instruments with preferred rights at amortized cost as described in Note 34 of approximately RMB9,189,070,000 were not managed by maturing date and were all reclassified to equity in 2023.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares, repurchase the Company's shares or financing from investors, banks or other financial institutions. In the opinion of the management of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the Track Record Period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(a) The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December, 2021				
Assets				
Financial assets at FVOCI *(Note 25)*	–	–	23,330	23,330
Financial assets at FVPL *(Note 25)*	–	–	50,000	50,000
	–	–	73,330	73,330
Liabilities				
Derivative financial liabilities *(Note 35)*	–	–	1,352,365	1,352,365
As at 31 December 2022				
Assets				
Financial assets at FVPL *(Note 25)*	–	–	419,900	419,900
As at 31 December 2023				
Assets				
Financial assets at FVOCI *(Note 25)*	–	–	82,570	82,570
Financial assets at FVPL *(Note 25)*	–	142,335	15,000	157,335
	–	142,335	97,570	239,905

The Group's policy to recognize transfers into and out of fair value hierarchy levels as at the end of each reporting period.

(b) Valuation techniques used to determine fair values.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, dividend yield, etc.

There were no changes in valuation techniques during the Track Record Period.

The fair value of receivables under finance lease arrangement, trade and bills receivables, contract assets, other receivables, restricted cash and cash and cash equivalents approximated to their carrying amounts.

The fair value of trade and bills payables, other payables and accruals (excluding payroll and welfare payables and other tax payables), current borrowings approximated to their carrying amounts. The fair value of non-current borrowings was disclosed in Note 30.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2021, 2022 and 2023:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI			
At beginning of the year	1,500	23,330	–
Addition	23,330	–	82,570
Disposal	(1,500)	(23,330)	–
At end of the year	23,330	–	82,570

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Derivative financial liabilities — warrant			
At beginning of the year	256,648	1,352,365	–
Addition	427,656	–	–
Settlement	(253,572)	(1,456,050)	–
Changes in fair value recognized in profit or loss	921,633	103,685	–
At end of the year	1,352,365	–	–

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial assets at FVPL — structured deposit			
At beginning of the year	–	50,000	419,900
Addition	50,000	2,505,400	1,812,322
Disposal	–	(2,140,312)	(2,218,518)
Changes in fair value recognized in profit or loss	–	4,812	1,296
At end of the year	50,000	419,900	15,000

(d) There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Period.

(e) Valuation processes

External valuation experts will be involved when necessary. The Group engaged an independent valuer to assist them on valuation of derivative financial liabilities at the end of each reporting period. The inputs of the valuation techniques mainly include risk free interest rate, volatility dividend yield and etc.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

Warranty provisions

The Group provides product warranties on all new vehicles based on the contracts with its customers at the time of sale of vehicles. The Group accrues a warranty provision for the vehicles sold by multiplying the expected unit costs for warranty services by the sales volume, which includes the best estimate of projected costs to repair or replace items under warranties. These estimates are primarily based on the estimates of the nature, frequency and average costs of future claims. These estimates are inherently uncertain given the Group's relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty provisions in the future. The portion of the warranty provision expected to be incurred within the next 12 months is included within the current warranty provision while the remaining balance is included within non-current provisions on the consolidated Statement of financial position. Warranty cost is recorded as a component of cost of sales in the consolidated statements of comprehensive loss. The Group re-evaluates the adequacy of the warranty accrual at the end of each reporting period.

Development expenditures

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.2.3 to the financial statements. In determining the amount of capitalisation, the management must make assumptions concerning the expected future cash flows of assets and expected beneficial periods.

Recoverability of non-financial assets

The Group tests annually whether non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Fair value of derivative financial liabilities

The fair value of financial liabilities that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in Note 3.3.

Recognition of share-based payment expenses

As detailed in Note 29, certain shares transfer and grant of RSUs and share options under the share award schemes have resulted in share-based payments expenses.

The Group has engaged an independent valuer to determine the total fair value of the share-based awards granted to employees. The discounted cash flow method and back-solve method were used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the equity incentive tools. Significant estimates on assumptions, such as risk-free interest rate, volatility and dividend yield are made based on management's best estimates. Further details are included in Note 29.

The Group also has to estimate the expected forfeiture rate at the end of vesting periods ("Forfeiture Rate") of the RSUs and share options granted in order to determine the amount of share-based payment expenses charged to profit or loss. The Forfeiture Rate of the RSUs and share options awarded of the Group was assessed to be 5% as at 31 December 2021, 2022 and 2023.

Write-down of inventories

The Group measures inventories by cost or net realisable value, whichever is lower. The determination of the net realisable value requires the acquisition of conclusive evidence, who should also take into account factors such as the purpose of stocking the inventory and the impact of post-balance sheet date events before making judgments and estimates. The difference between the actual outcome and the original estimates shall affect the carrying value of the inventory and charge or reversal of impairment provision for the period during which the estimates were revised.

Income taxes and deferred income tax

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who has tax losses. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income and details of unrecognized tax losses have been set out in Note 10.

Recognition of revenue and allocation of transaction price

The contracts for sales of vehicles and parts extended warranty, vehicle internet connection service, firmware OTA, charging solution including installation of home chargers for Neta owners. Because the contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on the cost of the services likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to all performance obligations based on their relative stand-alone selling prices.

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

During the Track Record Period, the Group is engaged in the production, research and development and sales of new energy vehicles in the PRC and overseas. The executive directors of the Company (i.e., the CODM) review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

(b) Revenue during the Track Record Period

Revenue represents the value of goods sold and rendering of services, net of value-added tax, after rebate and discounts, and after eliminations of all significant intra-group transactions.

Revenue mainly comprises sales of vehicles and parts, sales of automotive regulatory credit, rent of vehicles, rendering of service and others. The Group launched the first volume manufactured electric vehicle in November 2018. An analysis of the Group's revenue by category for the years ended 31 December 2021, 2022 and 2023 is as follow.

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition — At a point in time			
Sales of vehicle and parts	4,749,610	12,777,624	13,252,868
Sales of automotive regulatory credits	231,515	–	–
	4,981,125	12,777,624	13,252,868
Timing of revenue recognition — Over the time			
Rendering of service	41,502	146,773	159,068
Others	8,967	53,595	123,808
	50,469	200,368	282,876
Revenue not in the scope of IFRS 15			
Rent of vehicles	55,257	71,703	18,920
	5,086,851	13,049,695	13,554,664

No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue during each of the years ended 31 December 2021, 2022 and 2023.

(c) Revenue by geographical

Apart from the business and operations conducted in Mainland China, the Group exported new energy vehicles and parts outside the Mainland China. The following table shows the Group's total consolidated revenue by location of the customers:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Mainland China	5,086,851	12,809,034	11,934,511
Others	–	240,661	1,620,153
	5,086,851	13,049,695	13,554,664

(d) Contract liabilities

(i) The Group has recognized the following contract liabilities related to the contracts with customers:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Non-current			
Rendering of services	49,323	107,125	144,612
Current			
Advances from customers with contracts	323,599	375,614	252,346
Rendering of services	64,714	87,722	80,925
Total contract liabilities	437,636	570,461	477,883

The contract of sales of vehicles includes multiple embedded services, including charging solution, extended one-year warranty, vehicle internet connection service and firmware OTA upgrades, which are separated from sales of vehicles and amortized during service periods.

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities from prior year.

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Advances from customers with contracts	39,403	323,599	375,614
Rendering of services	1,313	64,714	87,722
	40,716	388,313	463,336

(ii) Unsatisfied performance obligations

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Aggregate amount of the transaction price allocated to performance obligations that are partially or fully unsatisfied as at 31 December	114,037	194,847	225,537

Management expected that approximately RMB80,925,000 of the transaction price allocated to unsatisfied performance obligations as of 31 December 2023 will be recognized as revenue within one year. The remaining amount of approximately RMB144,612,000 will be recognized during approximately two to five years from 1 January 2024.

(e) Contract assets

The Group recognized the following contract assets related to the contracts with customers:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Contract assets — current	136,179	167,627	398,532
Loss allowance	(138)	(577)	(1,722)
	136,041	167,050	396,810

6 OTHER INCOME

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Government grants	155,315	125,829	167,199

During the years ended 31 December 2021, 2022 and 2023, the government grants mainly include government subsidies for the Group's productivity, sales volume, talented employee related allowance, leasehold improvement subsidy, interest expense reduction as incurred on borrowings as well as the Group's research and development expenditures. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

7 OTHER LOSSES, NET

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Net fair value gains on financial assets at FVPL, net *(Note 25)*	–	(4,812)	(1,296)
Net fair value losses on derivative financial liabilities instruments *(Note 35)*	921,633	103,685	–
Net losses on disposal of property, plant and equipment	1,230	644	19,284
Net foreign exchange gains	(18)	(22,723)	(1,483)
Discount loss on derecognition of FVOCI	4,675	24,377	6,556
Others	6,522	1,834	7,892
	934,042	103,005	30,953

8 EXPENSES BY NATURE

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Changes in inventories of finished goods	(359,158)	(1,445,998)	940,318
Raw materials and consumables used	6,374,444	15,758,396	13,015,434
Employee benefit expenses *(Note 11)*	1,100,767	2,130,448	2,484,052
Depreciation and amortization charges *(Note 14, Note 15 and Note 16)*	414,761	626,431	1,061,693
Advertising and publicity expenses	333,016	333,406	916,514
Design and development expenditure	116,508	243,973	320,514
Freight expenses	127,188	200,277	268,929
Provision against inventories	158,507	462,746	213,486
Office expenses	48,176	115,843	195,394
Service fees of professional organizations	52,915	125,668	124,011
Warranty expenses *(Note 33)*	37,809	117,125	120,414
Rental expenses related to short term leases and low-value leases *(Note 15)*	39,971	48,385	65,403
Travelling and transportation expenses	38,474	45,931	88,904
Auditor's remuneration-audit services	1,063	1,985	3,975
Non-employee share-based payment expenses *(Note 29)*	196,523	–	–
Listing expenses	4,497	9,589	11,683
Others	112,332	210,771	413,664
Total cost of sales, selling expenses, administrative expenses and research and development expenses	8,797,793	18,984,976	20,244,388

9 FINANCE COST/(INCOME) — NET

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Finance costs:			
Interest expenses on lease liabilities *(Note 15)*	5,430	20,755	56,182
Interest expenses on bank and other borrowings	51,745	140,140	213,870
Interest expense on financial instruments with preferred rights *(Note 34)*	317,608	683,458	–
	374,783	844,353	270,052
Less: borrowing costs capitalized in property, plant and equipment	(21,896)	(5,685)	–
	352,887	838,668	270,052
Finance income:			
Interest income from cash at banks	(17,799)	(85,127)	(94,830)
Interest income from restricted cash	(6,999)	(59,102)	(72,102)
	(24,798)	(144,229)	(166,932)
Finance cost — net	328,089	694,439	103,120

(i) During the year ended 31 December 2021 and 2022, the interest rates applicable to the Group's borrowings costs for the capitalization of the constructions in progress were 6.8%.

10 INCOME TAX EXPENSE

The amount of income tax charged to the consolidated statement of comprehensive loss represents is as follows.

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current income tax expense	8,482	22,042	6,197
Deferred income tax expense	–	–	–
Income tax expense	8,482	22,042	6,197

The Group's principal applicable taxes and tax rates are as follows.

The Company obtained its High and New Technology Enterprises ("HNTE") status in year 2019, and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2019. This status is subject to a requirement that the Company reapply for HNTE status every three years. The Company re-applied for HNTE status and the application was approved for another three-year period commencing 2022. Accordingly, the Company was entitled to a preferential income tax rate of 15% during the Track Record Period.

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 20% or 25%. The Company's subsidiaries established and operated in Thailand are subject to the Thailand corporate income tax at the rate of 20%. The Company's subsidiaries established and operated in Hong Kong are subject to the Hong Kong profits tax at the rate of 16.5%.

According to the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2019] No. 13), the Announcement on the Matters Concerning the Implementation of Preferential Income Tax Policies for the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement [2022], No. 12) and the Announcement on the Matters Concerning the Implementation of Preferential Income Tax Policies for the Development of Small and Micro Enterprises (Announcement [2023], No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, certain subsidiaries in PRC enjoyed preferential taxes for small low-profit enterprises. In 2021, 2022 and 2023, enterprise income tax is based on a 20% rate applied to 12.5% of its taxable income amount for the proportion of taxable income up to RMB1 million, and a 20% rate applied to 25% of its taxable income amount for the proportion of taxable income between RMB1 million and RMB3 million.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (among which manufacturing enterprises increased to 200% from 2021, and other enterprises increase to 200% from 2022) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax during the Track Record Period is as follow:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss before income taxation	(4,831,726)	(6,644,174)	(6,860,904)
Share of net (profit)/loss of an associate accounted for using the equity method	(895)	(997)	(328)
	(4,832,621)	(6,645,171)	(6,861,232)

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Tax calculated at the tax rate applicable income tax rate of 25%	(1,208,155)	(1,661,293)	(1,715,308)
Tax effect of:			
Preferential tax rate	378,229	594,467	664,776
Expenses not deductible for taxation purposes	3,411	5,891	17,356
Previously unrecognized tax losses now recouped to reduce current tax expense	(27)	(1,454)	(20,342)
Super Deduction in respect of research and development expenditure	(65,039)	(111,041)	(49,680)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	900,063	1,195,472	1,109,395
Income tax expenses	8,482	22,042	6,197

As at 31 December 2021, 2022 and 2023, the Group had unused tax losses of approximately RMB5,899,129,000, RMB12,059,966,000 and RMB16,916,566,000 that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group is principally engaged the business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the accumulated tax losses of the Company which did not expire from 2018 will have expiries extending from 5 years to 10 years from then on.

Deductible losses that are not recognized as deferred income tax assets will be expired as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Expire year			
2022	63,225	–	–
2023	395,396	395,396	–
2024	–	–	–
2025	68,085	65,524	23,227
2026	1,091,853	1,086,104	1,047,033
2027	–	1,109,910	1,109,910
2028	–	–	848,112
2029	719,982	719,982	719,982
2030	1,360,730	1,360,730	1,360,730
2031	2,199,858	2,199,858	2,199,858
2032	–	5,122,462	5,122,462
2033	–	–	4,485,252
	5,899,129	12,059,966	16,916,566

Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax authority.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Total deferred income tax assets *(a)*	47,995	198,365	205,056
Net-off with deferred income tax liabilities *(b)*	(47,995)	(198,365)	(205,056)
Net deferred income tax assets	–	–	–

The analysis of deferred income tax assets is as follows:

(a) ***Deferred income tax assets***

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
Lease liabilities	47,995	198,365	205,056

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Lease liabilities	Loss allowance for financial assets	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	7,428	7,909	15,337
Credited to profit or loss	29,399	3,259	32,658
As at 31 December 2021 and 1 January 2022	36,827	11,168	47,995
Credited/(charged) to profit or loss	157,460	(7,090)	150,370
As at 31 December 2022 and 1 January 2023	194,287	4,078	198,365
Credited to profit or loss	6,382	309	6,691
As at 31 December 2023	200,669	4,387	205,056

(b) Deferred income tax liabilities

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
Right-of-use assets	(47,995)	(198,365)	(205,056)

The movement in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Right-of-use assets
	RMB'000
As at 1 January 2021	(15,337)
Charged to profit or loss	(32,658)
As at 31 December 2021 and 1 January 2022	(47,995)
Charged to profit or loss	(150,370)
As at 31 December 2022 and 1 January 2023	(198,365)
Charged to profit or loss	(6,691)
As at 31 December 2023	(205,056)

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	929,267	1,662,020	1,891,492
Pension obligation, housing funds, medical insurances and other social insurances *(a)*	82,097	147,762	252,802
Other employee benefits *(b)*	38,760	88,843	101,949
Share-based payment expenses *(Note 29)*	50,643	231,823	237,809
	1,100,767	2,130,448	2,484,052

(a) Pension obligations, housing funds, medical insurances and social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

No forfeited contributions were utilized during the years ended 31 December 2021, 2022 and 2023.

(b) Other employee benefits

Other employee benefits mainly include labour union expenditure, meal, rent and other allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2021, 2022 and 2023 include 2, 2 and 2 director or Chief Executive Officer respectively, whose emoluments are disclosed in the Note 39. The emoluments payable to the remaining 3, 3 and 3 highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	5,861	6,704	5,410
Pension obligations, housing funds, medical insurances and other social insurances	310	388	277
Share-based payment expenses	10,024	48,480	66,298
	16,195	55,572	71,985

The emoluments fell within the following bands:

	Year ended 31 December		
	2021	2022	2023
Emolument bands			
RMB2,500,001 to RMB3,000,000	–	–	–
RMB3,000,001 to RMB3,500,000	–	–	–
RMB4,500,001 to RMB5,000,000	1	–	–
RMB5,500,001 to RMB6,000,000	2	–	–
RMB6,000,001 to RMB6,500,000	–	–	–
RMB12,500,001 to RMB13,000,000	–	1	–
RMB13,000,001 to RMB13,500,000	–	–	1
RMB13,500,001 to RMB14,000,000	–	1	–
RMB14,000,001 to RMB14,500,000	–	–	1
RMB29,000,001 to RMB29,500,000	–	1	–
RMB44,500,001 to RMB45,000,000	–	–	1
	3	3	3

12 DIVIDEND

No dividend has been paid or declared by the Company during the Track Record Period.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the years ended 31 December 2021, 2022 and 2023 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

(i) The financial instruments with preferred rights at amortized cost were treated as treasury share before the termination of preferred rights as described in Note 34 and such treasury shares were included in the calculation of weighted average number of ordinary shares outstanding.

(ii) The weighted average number of ordinary shares in issue before the Company's conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into the Company's share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company in February 2023. For the purpose of computation of basic and diluted losses per share, the weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into ordinary share deemed in issue at the same conversion ratio of 1:1 as upon conversion into joint stock company.

	Year ended 31 December		
	2021	2022	2023
Loss attributable to the equity owner of the Company (RMB'000)	(4,840,208)	(6,666,226)	(6,808,091)
Weighted average number of ordinary shares outstanding (thousand shares)	1,498,234	2,159,278	2,663,948
Basic loss per share (expressed in RMB per share)	(3.23)	(3.09)	(2.56)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2021 and 2022, the Company had financial instruments with preferred rights which are potential ordinary shares. As the Group incurred loss for the years ended 31 December 2021 and 2022, the potential ordinary shares were not included in the calculation of diluted losses per share as their inclusion would be anti-dilutive. For year ended 31 December 2023, the Company had no potential ordinary shares. Accordingly, diluted loss per share for the years ended 31 December 2021, 2022 and 2023 are the same as basic loss per share of the respective years.

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and molds	Motor vehicles	Electronic equipment, furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021							
Cost	267,678	932,307	335,803	35,346	15,887	213,309	1,800,330
Accumulated depreciation	(23,162)	(139,412)	(16,782)	(19,289)	(5,404)	–	(204,049)
Net book amount	244,516	792,895	319,021	16,057	10,483	213,309	1,596,281
Year ended 31 December 2021							
Opening net book amount	244,516	792,895	319,021	16,057	10,483	213,309	1,596,281
Additions	498	24,701	125,033	11,997	31,130	758,016	951,375
Transfers	7,580	487,272	–	5,822	5,722	(506,396)	–
Disposals	–	(2,164)	(21,524)	(15)	–	–	(23,703)
Depreciation *(Note 8)*	(12,825)	(165,425)	(65,062)	(9,665)	(12,457)	–	(265,434)
Closing net book amount	239,769	1,137,279	357,468	24,196	34,878	464,929	2,258,519

	Buildings	Machinery and molds	Motor vehicles	Electronic equipment, furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021 and 1 January 2022							
Cost	275,756	1,442,116	439,312	53,150	52,739	464,929	2,728,002
Accumulated depreciation	(35,987)	(304,837)	(81,844)	(28,954)	(17,861)	–	(469,483)
Net book amount	239,769	1,137,279	357,468	24,196	34,878	464,929	2,258,519
Year ended 31 December 2022							
Opening net book amount	239,769	1,137,279	357,468	24,196	34,878	464,929	2,258,519
Additions	352	10,434	5,351	34,807	155,865	624,836	831,645
Transfers	4,337	633,773	2,159	14,380	9,715	(664,364)	–
Disposals	–	(8,826)	(90,332)	(185)	–	–	(99,343)
Depreciation *(Note 8)*	(13,153)	(217,201)	(87,040)	(14,726)	(39,270)	–	(371,390)
Closing net book amount	231,305	1,555,459	187,606	58,472	161,188	425,401	2,619,431
As at 31 December 2022 and 1 January 2023							
Cost	280,445	2,077,497	356,490	102,152	218,319	425,401	3,460,304
Accumulated depreciation	(49,140)	(522,038)	(168,884)	(43,680)	(57,131)	–	(840,873)
Net book amount	231,305	1,555,459	187,606	58,472	161,188	425,401	2,619,431
Year ended 31 December 2023							
Opening net book amount	231,305	1,555,459	187,606	58,472	161,188	425,401	2,619,431
Additions	1,998	146,773	95,218	40,587	120,933	818,045	1,223,554
Transfers	2,587	574,058	764	26,338	79,691	(683,438)	–
Disposals	–	(8,631)	(112,375)	(863)	(8,275)	–	(130,144)
Depreciation *(Note 8)*	(13,621)	(346,069)	(27,571)	(30,672)	(99,917)	–	(517,850)
Closing net book amount	222,269	1,921,590	143,642	93,862	253,620	560,008	3,194,991
As at 31 December 2023							
Cost	285,030	2,789,697	340,097	168,214	410,668	560,008	4,553,714
Accumulated depreciation	(62,761)	(868,107)	(196,455)	(74,352)	(157,048)	–	(1,358,723)
Net book amount	222,269	1,921,590	143,642	93,862	253,620	560,008	3,194,991

(a) As at 31 December 2021, the Group's buildings with carrying value of approximately RMB89,254,000 had been pledged for the Group's borrowings of approximately RMB80,000,000 (Note 30(f)).

As at 31 December 2022 and 2023, the Group's machinery and molds with carrying value of approximately RMB75,151,000 and RMB624,268,000 was pledged as security of the long-term loans from related party Yichun Venture Capital Co., Ltd with the total amount of approximately RMB578,095,000 and RMB668,799,000 respectively.

(b) As at 31 December 2021, 2022 and 2023, the Group had borrowings from certain finance leasing companies, in the form of sales-leaseback arrangements, whereby certain equipment and inventories of the Group were sold and leased back over a 2-3 years lease term. The Group had the option to re-acquire the equipment and inventories on completion of the leases at insignificant nominal values. During such lease term and before the exercise of the completion of the repurchase options, ownership of such equipment and inventories were transferred to the finance leasing companies as security for the borrowings and were restricted under the agreements where lessors' consent must be obtained for the pledge or disposal of these assets. As at 31 December 2021, 2022 and 2023, the carrying value of aforementioned assets amounted to approximately RMB28,685,000, RMB168,537,000 and RMB130,142,000 respectively (Note 30(d)).

(c) Depreciation of property, plant and equipment charged to profit or loss is analyzed as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Cost of sales	201,437	237,053	309,616
Selling and distribution expenses	11,675	39,304	119,560
General and administrative expenses	46,081	86,996	70,764
Research and development expenses	6,241	8,037	17,910
	265,434	371,390	517,850

(d) Impairment tests for property, plant and equipment, right-of-use assets and intangible assets

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Property, plant and equipment	2,258,519	2,619,431	3,194,991
Right-of-use assets	220,692	824,975	863,837
Intangible assets	511,513	1,321,107	1,693,697
	2,990,724	4,765,513	5,752,525

Impairment review on the property, plant and equipment, right-of-use assets and intangible assets has been conducted by management of the Company as at 31 December 2021, 2022 and 2023 according to IAS 36 "Impairment of assets". Management considered that those long-term assets are all attributable to one cash generating unit ("CGU") which is the CGU for the production, research and development and sales of new energy vehicles. For the purpose of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

As at 31 December 2021, 2022 and 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the long-term key operating assets and leveraged their extensive experiences in the automotive industry and provided forecast based on past performance and their expectation of future business plans and market developments.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company conclude that no impairment loss on the aforementioned long-term assets are required to be recognized as at 31 December 2021, 2022 and 2023.

The Company

	Buildings	Machinery and molds	Motor vehicles	Electronic equipment, furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021							
Cost	267,678	780,352	1,905	31,833	7,436	184,635	1,273,839
Accumulated depreciation	(23,162)	(134,795)	(788)	(19,143)	(3,788)	–	(181,676)
Net book amount	244,516	645,557	1,117	12,690	3,648	184,635	1,092,163
Year ended 31 December 2021							
Opening net book amount	244,516	645,557	1,117	12,690	3,648	184,635	1,092,163
Additions	498	6,203	1,388	9,737	4,597	548,843	571,266
Transfers	7,580	477,223	–	5,822	5,722	(496,347)	–
Disposals	–	(2,164)	(5)	(15)	–	–	(2,184)
Depreciation	(12,825)	(134,397)	(499)	(8,516)	(5,897)	–	(162,134)
Closing net book amount	239,769	992,422	2,001	19,718	8,070	237,131	1,499,111
As at 31 December 2021 and 1 January 2022							
Cost	275,756	1,261,614	3,288	47,377	17,755	237,131	1,842,921
Accumulated depreciation	(35,987)	(269,192)	(1,287)	(27,659)	(9,685)	–	(343,810)
Net book amount	239,769	992,422	2,001	19,718	8,070	237,131	1,499,111
Year ended 31 December 2022							
Opening net book amount	239,769	992,422	2,001	19,718	8,070	237,131	1,499,111
Additions	352	9,369	25,145	21,941	13,408	427,620	497,835
Transfers	3,901	291,062	–	7,509	9,715	(312,187)	–
Disposals	–	(8,826)	(710)	(185)	–	–	(9,721)
Depreciation	(13,150)	(169,465)	(1,675)	(11,664)	(9,132)	–	(205,086)
Closing net book amount	230,872	1,114,562	24,761	37,319	22,061	352,564	1,782,139

	Buildings	Machinery and molds	Motor vehicles	Electronic equipment, furniture and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023							
Cost	280,009	1,553,219	27,723	76,566	40,878	352,564	2,330,959
Accumulated depreciation	(49,137)	(438,657)	(2,962)	(39,247)	(18,817)	–	(548,820)
Net book amount	230,872	1,114,562	24,761	37,319	22,061	352,564	1,782,139
Year ended 31 December 2023							
Opening net book amount	230,872	1,114,562	24,761	37,319	22,061	352,564	1,782,139
Additions	1,790	130,583	21,759	19,321	14,947	608,822	797,222
Transfers	1,943	516,196	–	5,829	7,367	(531,335)	–
Disposals	–	(722)	(763)	–	–	–	(1,485)
Depreciation	(13,430)	(271,981)	(8,369)	(19,930)	(17,819)	–	(331,529)
Closing net book amount	221,175	1,488,638	37,388	42,539	26,556	430,051	2,246,347
As at 31 December 2023							
Cost	283,742	2,199,276	48,719	101,792	63,192	430,051	3,126,772
Accumulated depreciation	(62,567)	(710,638)	(11,331)	(59,253)	(36,636)	–	(880,425)
Net book amount	221,175	1,488,638	37,388	42,539	26,556	430,051	2,246,347

15 LEASES

The Group

(a) Amounts recognized in the consolidated statements of financial position of the Group.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Land-use right *(i)*	44,190	43,205	42,220
Leased buildings *(ii)*	176,502	781,770	821,617
	220,692	824,975	863,837
Lease liabilities			
Current	40,469	263,406	216,397
Non-current	117,950	527,509	613,692
	158,419	790,915	830,089

(i) In March 2016 and June 2018, the Group acquired land-use rights to build factories for manufacturing of vehicles in Jiaxing, Zhejiang province, the PRC. There is no addition to land use rights during the years ended 31 December 2021, 2022 and 2023. As at 31 December 2021, the Group's land-use rights with carrying value of approximately RMB31,112,000 have been pledged for the Group's borrowings of RMB80,000,000 (Note 30(f)).

(ii) Additions to the leased buildings during the years ended 31 December 2021, 2022 and 2023 were approximately RMB190,907,000, RMB762,630,000 and RMB201,864,000, respectively.

(b) Amounts recognized in the statements of comprehensive loss of the Group.

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Depreciation charge of right-of-use assets			
Land-use right	985	985	985
Leased buildings	54,103	157,362	215,852
	55,088	158,347	216,837
Interest expense (included in finance costs) *(Note 9)*	5,430	20,755	56,182
Rental expenses related to short term leases and low-value leases *(Note 8)*	39,971	48,385	65,403
	100,489	227,487	338,422

The total cash outflow for leases of direct sales stores and buildings other than short term leases during the years ended 31 December 2021, 2022, and 2023 were approximately RMB71,910,000, RMB150,889,000 and RMB218,872,000, respectively.

(c) The Group's leasing activities and how these are accounted for

In addition to land use rights, the Group leases direct sales stores and buildings. Rental contracts are typically made for fixed periods of one year to eight years but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) Extension and termination options

Extension and termination options are included in a number of leases of buildings across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations.

The Company

(a) Amounts recognized in the consolidated statements of financial position of the Company.

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Right-of-use assets			
Land-use right *(i)*	44,190	43,205	42,220
Leased buildings *(ii)*	27,596	35,582	15,383
	71,786	78,787	57,603

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Lease liabilities			
Current	7,254	18,452	9,455
Non-current	20,528	15,963	7,282
	27,782	34,415	16,737

Additions to the right-of-use assets during the years ended 31 December 2021, 2022 and 2023 were approximately RMB32,963,000, RMB28,987,000 and nil respectively.

16 INTANGIBLE ASSETS

The Group

	Unpatented technology	Software	Development cost	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021					
Cost	304,826	99,672	18,179	1,403	424,080
Accumulated amortisation	(29,951)	(46,936)	–	(658)	(77,545)
Net book amount	274,875	52,736	18,179	745	346,535
Year ended 31 December 2021					
Opening net book amount	274,875	52,736	18,179	745	346,535
Additions	–	24,401	234,816	–	259,217
Transfers	26,343	–	(26,343)	–	–
Amortisation charge *(Note 8)*	(75,353)	(18,750)	–	(136)	(94,239)
Net book amount	225,865	58,387	226,652	609	511,513
As at 31 December 2021 and 1 January 2022					
Cost	331,169	124,073	226,652	1,403	683,297
Accumulated amortisation and impairment	(105,304)	(65,686)	–	(794)	(171,784)
Net book amount	225,865	58,387	226,652	609	511,513
Year ended 31 December 2022					
Opening net book amount	225,865	58,387	226,652	609	511,513
Additions	–	89,049	816,997	242	906,288
Transfers	887,686	–	(887,686)	–	–
Amortisation charge *(Note 8)*	(85,525)	(11,041)	–	(128)	(96,694)
Net book amount	1,028,026	136,395	155,963	723	1,321,107

	Unpatented technology	Software	Development cost	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023					
Cost	1,218,855	213,122	155,963	1,645	1,589,585
Accumulated amortisation and impairment	(190,829)	(76,727)	–	(922)	(268,478)
Net book amount	1,028,026	136,395	155,963	723	1,321,107
Year ended 31 December 2023					
Opening net book amount	1,028,026	136,395	155,963	723	1,321,107
Additions	–	33,579	665,474	543	699,596
Transfers	560,920	–	(560,920)	–	–
Amortisation charge *(Note 8)*	(307,704)	(19,166)	–	(136)	(327,006)
Net book amount	1,281,242	150,808	260,517	1,130	1,693,697
As at 31 December 2023					
Cost	1,779,775	246,701	260,517	2,188	2,289,181
Accumulated amortisation and impairment	(498,533)	(95,893)	–	(1,058)	(595,484)
Net book amount	1,281,242	150,808	260,517	1,130	1,693,697

(a) Amortisation of the intangible assets has been charged to profit or loss for the Track Record Period as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cost of sales	75,613	85,682	307,704
Selling and distribution expenses	122	298	344
General and administrative expenses	5,037	7,962	14,838
Research and development expenses	13,467	2,752	4,120
	94,239	96,694	327,006

(b) Impairment tests for intangible assets

Impairment review on the intangible assets has been conducted by the management as at 31 December 2021, 2022 and 2023 according to IAS 36 "Impairment of assets". Further details have been set out in Note 14(d).

The Company

	Unpatented technology	Software	Development cost	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021					
Cost	262,168	96,465	–	893	359,526
Accumulated amortisation and impairment	(26,217)	(46,862)	–	(307)	(73,386)
Net book amount	235,951	49,603	–	586	286,140
Year ended 31 December 2021					
Opening net book amount	235,951	49,603	–	586	286,140
Additions	–	20,111	208,743	–	228,854
Amortisation charge *(Note 8)*	(52,339)	(18,243)	–	(88)	(70,670)
Net book amount	183,612	51,471	208,743	498	444,324
As at 31 December 2021 and 1 January 2022					
Cost	262,168	116,576	208,743	893	588,380
Accumulated amortisation and impairment	(78,556)	(65,105)	–	(395)	(144,056)
Net book amount	183,612	51,471	208,743	498	444,324
Year ended 31 December 2022					
Opening net book amount	183,612	51,471	208,743	498	444,324
Additions	162	86,098	816,996	–	903,256
Transfers	887,685	–	(887,685)	–	–
Amortisation charge *(Note 8)*	(63,326)	(10,364)	–	(88)	(73,778)
Net book amount	1,008,133	127,205	138,054	410	1,273,802
As at 31 December 2022 and 1 January 2023					
Cost	1,150,015	202,674	138,054	893	1,491,636
Accumulated amortisation and impairment	(141,882)	(75,469)	–	(483)	(217,834)
Net book amount	1,008,133	127,205	138,054	410	1,273,802

	Unpatented technology	Software	Development cost	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Opening net book amount	1,008,133	127,205	138,054	410	1,273,802
Additions	–	17,875	649,302	544	667,721
Transfers	526,839	–	(526,839)	–	–
Amortisation charge *(Note 8)*	(320,330)	(17,126)	–	(97)	(337,553)
Net book amount	1,214,642	127,954	260,517	857	1,603,970
As at 31 December 2023					
Cost	1,676,854	220,549	260,517	1,437	2,159,357
Accumulated amortisation and impairment	(462,212)	(92,595)	–	(580)	(555,387)
Net book amount	1,214,642	127,954	260,517	857	1,603,970

17 RECEIVABLES UNDER FINANCE LEASE ARRANGEMENT

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Long-term receivables under finance lease arrangement	234,815	341,398	1,236,191
Receivables under finance lease arrangement due within 1 year	383,772	1,908,082	1,222,239
Provision for impairment	(8,905)	(42,445)	(232,051)
Receivables under finance lease arrangement	609,682	2,207,035	2,226,379

(a) The Group sells vehicles to individual, distributor or corporate customers and repurchases and leases vehicles back to customers based on a series of agreements.

(b) Contractual maturities of the receivables under finance lease arrangement

As at 31 December 2021, 2022 and 2023, the contractual maturities analysis of the receivables under finance lease arrangement is as follows:

	Minimum lease receivables		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 1 year	385,542	1,931,649	1,298,352
Over 1 year but less than 2 years	196,336	234,012	746,645
Over 2 years but less than 5 years	48,379	139,945	736,761
Less: unearned finance income	(11,670)	(56,126)	(323,328)
Minimum receivables under finance lease arrangement	618,587	2,249,480	2,458,430

	Present value of minimum lease receivables		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 1 year	383,772	1,908,082	1,222,239
Over 1 year but less than 2 years	190,969	228,026	695,025
Over 2 years but less than 5 years	43,846	113,372	541,166
Present value of minimum receivables under finance lease arrangement	618,587	2,249,480	2,458,430

(c) As at 31 December 2021 and 2022 and 2023, the Group had long-term bank borrowings with total amount of RMB200,000,000, RMB319,530,000 and RMB632,000,000 respectively, whereby certain receivables under finance lease arrangement of RMB216,642,000, RMB370,055,000 and RMB882,456,000 were pledged as security for the borrowings (Note 30(b)).

As at 31 December 2022 and 2023, receivables under finance lease arrangement of RMB27,103,000 (Note 30(h)) and RMB64,064,000 (Note 30(d)) was sold by recourse factoring arrangements and cannot be derecognised due to the retention of risks and rewards.

(d) Impairment and risk exposure

Category 1: receivables under finance lease arrangement — individual customers

As at 31 December 2021	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	1.34%	1.34%	–	–	1.34%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	600,723	1,362	–	–	602,085
Loss allowances (RMB'000)	8,054	20	–	–	8,074

As at 31 December 2022	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	2.73%	2.73%	2.73%	–	2.73%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	924,021	228,107	917	–	1,153,045
Loss allowances (RMB'000)	25,186	6,218	25	–	31,429

As at 31 December 2023	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	9.49%	9.49%	9.49%	–	9.49%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	2,045,048	362,342	36,559	–	2,443,949
Loss allowances (RMB'000)	194,364	34,205	3,451	–	232,020

Category 2: receivables under finance lease arrangement — company customers

As at 31 December 2021	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	0.50%	–	–	–	0.50%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	16,502	–	–	–	16,502
Loss allowances (RMB'000)	831	–	–	–	831

As at 31 December 2022	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	1.00%	–	–	–	1.00%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	1,096,435	–	–	–	1,096,435
Loss allowances (RMB'000)	11,016	–	–	–	11,016

As at 31 December 2023	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	0.59%	–	–	–	0.59%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	1,981	–	–	–	1,981
Loss allowances (RMB'000)	12	–	–	–	12

Category 3: receivables under finance lease arrangement — related parties

As at 31 December 2023	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Expected credit loss rate	0.15%	–	–	–	0.15%
Gross carrying amount — receivables under finance lease arrangement (RMB'000))	12,500	–	–	–	12,500
Loss allowances (RMB'000)	19	–	–	–	19

18 SUBSIDIARIES

(a) Subsidiaries of the Company

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group: As at 31 December 2021	2022	2023	As of report date	Principal activities and place of operation	Note
Directly held by the Company								
Zhonglian Tianxia Automobile Sales Service Co., Ltd. 眾聯天下汽車銷售服務有限公司	Shanghai, China 13 June 2018	RMB2,000,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in China	*(ii)*
Yichun Hozon New Energy Automobile Technology Co., Ltd. 宜春合眾新能源汽車科技有限公司	Yichun, China 27 February 2019	RMB1,000,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles components purchasing in Yichun	*(ii)*
Neta New Energy Automobile Manufacturing Co., Ltd. 哪吒新能源汽車製造有限公司	Tongxiang, China 18 May 2021	RMB1,000,000,000	100.00%	100.00%	100.00%	100.00%	No actual business	*(iii)*
Guangxi Ningda Automobile Technology Co., Ltd. 廣西寧達汽車科技有限公司	Nanning, China 30 December 2019	RMB1,020,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles and components manufacturing in Nanning	*(ii)*
Neta Hezhi (Shanghai) Supply Chain Management Co., Ltd. 哪吒合智(上海)供應鏈管理有限公司	Shanghai, China 28 July 2022	RMB500,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles components purchasing in Shanghai	*(iii)*
Beijing Zhehe New Energy Technology Co., Ltd. 北京哲合新能源科技有限公司	Beijing, China 10 June 2022	RMB400,000,000	N/A	100.00%	100.00%	100.00%	Technical service and development in Beijing	*(iii)*
Neta Zhihe New Energy Automobile Technology (Shanghai) Co., Ltd. 哪吒智合新能源汽車科技(上海)有限公司	Shanghai, China 15 November 2021	RMB400,000,000	100.00%	100.00%	100.00%	100.00%	Technical service and development in Shanghai	*(iii)*
Nanning Yonghe Investment Co., Ltd. 南寧雍合投資有限公司	Nanning, China 19 December 2019	RMB150,000,000	100.00%	100.00%	100.00%	100.00%	No actual business	*(ii)*
Tongxiang Hozon Automobile Sales Co., Ltd. 桐鄉合眾汽車銷售有限公司	Tongxiang, China 1 November 2016	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles components purchasing in Tongxiang	*(iv)*
Haozhi Technology Electric Drive (Tongcheng) Co., Ltd. 浩智科技電驅(桐城)有限公司	Tongling, China 14 December 2022	RMB100,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles components purchasing in Tongling	*(iv)*
Haozhi Polymer Technology (Anhui) Co., Ltd. 浩智聚合科技(安徽)有限公司	Chuzhou, China 27 September 2023	RMB100,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group				Principal activities and place of operation	Note
			As at 31 December			As of report date		
			2021	2022	2023			
Haozhi Zengcheng Technology (Anhui) Co., Ltd. 浩智增程科技(安徽)有限公司	Huainan, China 15 January 2023	RMB40,000,000	N/A	N/A	100.00%	100.00%	Technical service and development in Huainan	*(iv)*
NETA International Co., Ltd. 哪吒國際有限公司	Hong Kong, China 27 September 2023	HKD1,000,000	N/A	N/A	100.00%	100.00%	Investment	*(i)*
Indirectly held by the Company								
Neta Hezhi (Shanghai) Automobile Sales Service Co., Ltd. 哪吒合智(上海)汽車銷售服務有限公司	Shanghai, China 29 September 2021	RMB2,000,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles and components sales and aftersales services in China	*(ii)*
Yichun Hezhi New Energy Automobile Sales Service Co., Ltd. 宜春合智新能源汽車銷售服務有限公司	Yichun, China 3 August 2022	RMB350,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Yichun	*(iii)*
Yichun Zhonglian Tianxia New Energy Automobile Sales Service Co., Ltd. 宜春眾聯天下新能源汽車銷售服務有限公司	Yichun, China 27 February 2019	RMB350,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in China	*(ii)*
Zhongxin (Guangxi) Financial Leasing Co., Ltd. 眾鑫(廣西)融資租賃有限公司	Nanning, China 3 June 2021	RMB200,000,000	100.00%	100.00%	100.00%	100.00%	Financial leasing in China	*(v)*
Shanghai Zhongxin Automobile Technology Co., Ltd. 上海眾鑫汽車科技有限公司	Shanghai, China 19 May 2020	RMB50,000,000	100.00%	100.00%	100.00%	100.00%	Vehicle insurance and loan assistance in Shanghai	*(v)*
Beijing Zhonglian Tianxia Automobile Sales Service Co., Ltd. 北京眾聯天下汽車銷售服務有限公司	Beijing, China 13 March 2019	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Beijing	*(v)*
Chengdu Hozon Zhida Automobile Sales Service Co., Ltd. 成都合眾智達汽車銷售服務有限公司	Chengdu, China 13 December 2021	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chengdu	*(vi)*
Shenzhen Zhonglian Tianxia Automobile Sales Service Co., Ltd. 深圳眾聯天下汽車銷售服務有限公司	Shenzhen, China 18 January 2019	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shenzhen	*(v)*
Jiaxing Zhonglian Tianxia Automobile Sales Service Co., Ltd. 嘉興眾聯天下汽車銷售服務有限公司	Tongxiang, China 17 July 2020	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tongxiang	*(v)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group				Principal activities and place of operation	Note
			As at 31 December			As of report date		
			2021	2022	2023			
Hefei Xinzhisheng Automobile Sales Service Co., Ltd. 合肥鑫智勝汽車銷售服務有限公司 . . .	Hefei, China 07 September 2022	RMB10,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Hefei	*(vi)*
Quanzhou Fenshi Automobile Sales Service Co., Ltd. 泉州市紛石汽車銷售服務有限公司 . . .	Quanzhou, China 27 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Quanzhou	*(vi)*
Shanxi Zhonglian Tianxia Automobile Sales Service Co., Ltd. 陝西眾聯天下汽車銷售服務有限公司.	Xi'an, China 27 April 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Xi'an	*(vi)*
Chengdu Zhonglian Tianxia Automobile Sales Service Co., Ltd. 成都眾聯天下汽車銷售服務有限公司.	Chengdu, China 19 August 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chengdu	*(vi)*
Hefei Zhongzhilian Automobile Sales Co., Ltd. 合肥眾智聯汽車銷售有限公司.	Hefei, China 5 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Hefei	*(vi)*
Wuxi Fenshi Automobile Sales Service Co., Ltd. 無錫紛石汽車銷售服務有限公司	Wuxi, China 6 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Wuxi	*(vi)*
Shenzhen Fenshi Automobile Sales Service Co., Ltd. 深圳紛石汽車銷售服務有限公司	Shenzhen, China 1 September 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shenzhen	*(vi)*
Jinan Zhonglian Tianxia Automobile Sales Service Co., Ltd. 濟南眾聯天下汽車銷售服務有限公司.	Jinan, China 31 August 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Jinan	*(vi)*
Dongguan Zhonglian Tianxia Automobile Sales Service Co., Ltd. 東莞眾聯天下汽車銷售服務有限公司.	Dongguan, China 8 September 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Dongguan	*(vi)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group: As at 31 December 2021	2022	2023	As of report date	Principal activities and place of operation	Note
Nanjing Heda Tianxia Automobile Sales Service Co., Ltd. 南京合達天下汽車銷售服務有限公司	Nanjing, China 14 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Nanjing	*(vi)*
Fuzhou Fenshi Automobile Sales Service Co., Ltd. 福州市紛石汽車銷售服務有限公司	Fuzhou, China 22 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Fuzhou	*(vi)*
Jiaxing Fenshi Automobile Sales Service Co., Ltd. 嘉興紛石汽車銷售服務有限公司	Jiaxing, China 22 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Jiaxing	*(vi)*
Nantong Zhonglian Tianxia Automobile Sales Service Co., Ltd. 南通眾聯天下汽車銷售服務有限公司	Nantong, China 7 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Nantong	*(vi)*
Guangzhou Zhonglian Tianxia Automobile Sales Co., Ltd. 廣州眾聯天下汽車銷售有限公司	Guangzhou, China 9 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Guangzhou	*(vi)*
Hangzhou Hezhi Automobile Sales Service Co., Ltd. 杭州合智汽車銷售服務有限公司	Hangzhou, China 10 June 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Hangzhou	*(vi)*
Taiyuan Zhonglian Tianxia Automobile Sales Service Co., Ltd. 太原眾聯天下汽車銷售服務有限公司	Taiyuan, China 22 August 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Taiyuan	*(vi)*
Tianjin Zhonglian Tianxia Automobile Sales Service Co., Ltd. 天津眾聯天下汽車銷售服務有限公司	Tianjing, China 5 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tianjing	*(vi)*
Nanjing Hezhi Automobile Sales Service Co., Ltd. 南京合智汽車銷售服務有限公司	Nanjing, China 26 May 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Nanjing	*(vi)*

			Effective interest held by the group					
			As at 31 December			As of report date		
Company name	Country/Place and date of incorporation	Registered capital	2021	2022	2023		Principal activities and place of operation	Note
Foshan Zhonglian Tianxia Automobile Sales Service Co., Ltd. 佛山眾聯天下汽車銷售服務有限公司	Foshan, China 28 September 2021	RMB5,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Foshan	*(ii)*
Guangzhou Panyu Zhonglian Automobile Sales Service Co., Ltd. 廣州市番禺區眾聯汽車銷售服務有限公司	Guangzhou, China 26 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Guangzhou	*(vi)*
Chongqing Hezhi Automobile Sales Service Co., Ltd. 重慶合智汽車銷售服務有限公司	Chongqing, China 29 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chongqing	*(vi)*
Shanghai Fenshi Automobile Sales Service Co., Ltd. 上海紛石汽車銷售服務有限公司	Shanghai, China 22 December 2021	RMB5,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shanghai	*(vi)*
Jinjiang Hezhi Automobile Sales Service Co., Ltd. 晉江市合智汽車銷售服務有限公司	Jinjiang, China 10 August 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Jinjiang	*(i)*
Nanchang Hezhi Automobile Sales Service Co., Ltd. 南昌合智汽車銷售服務有限公司	Nanchang, China 30 August 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Nanchang	*(vi)*
Suzhou Fenshi Automobile Sales Service Co., Ltd. 蘇州紛石汽車銷售服務有限公司	Suzhou, China 8 July 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Suzhou	*(vi)*
Shanghai Naikesi Automobile Sales Service Co., Ltd. 上海奈剋思汽車銷售服務有限公司	Shanghai, China 27 January 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shanghai	*(vi)*
Xiamen Hezhi Zhongda Automobile Sales Service Co., Ltd. 廈門合智眾達汽車銷售服務有限公司	Xiamen, China 22 March 2019	RMB3,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Xiamen	*(v)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group				Principal activities and place of operation	Note
			As at 31 December			As of report date		
			2021	2022	2023			
Zhonglian Tianxia (Tongxiang) New Energy Automobile Service Co., Ltd. 眾聯天下(桐鄉)新能源汽車服務有限公司 . . .	Tongxiang, China 21 December 2018	RMB500,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tongxiang	*(ii)*
NETA AUTO HK Investment Limited 哪吒汽車香港投資有限公司	Hongkong, China 26 November 2021	HKD15,600,000	100.00%	100.00%	100.00%	100.00%	Investment in Hongkong	*(viii)*
NETA AUTO (THAILAND) Co., LTD. 哪吒汽車(泰國)有限公司 .	Bangkok, Thailand 1 December 2021	THB232,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services in Thailand; Electric vehicles and components manufacturing	*(vii)*
Nanning Ningda New Energy Automobile Co., Ltd. 南寧寧達新能源汽車有限公司	Nanning, China 8 January 2020	RMB520,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles and components sales and aftersales services in Nanning	*(ii)*
Nanning Ningda Auto MS&S Co., Ltd. 南寧寧達汽車銷售服務有限公司	Nanning, China 8 January 2020	RMB1,900,000,000	100.00%	100.00%	100.00%	100.00%	Electric vehicles and components sales and aftersales services in China and overseas	*(ii)*
Guangxi Ningda Travel Technology Co., Ltd. 廣西寧達出行科技有限公司	Nanning, China 14 May 2020	RMB100,000,000	100.00%	100.00%	100.00%	100.00%	Car rental in China	*(v)*
Shanghai Neta Yijia Information Technology Co., Ltd. 上海哪吒逸駕信息科技有限公司	Shanghai, China 17 January 2022	RMB1,000,000	N/A	67.00%	67.00%	67.00%	IT Consultation	*(iii)*
Shanghai Neta Juxing Information Technology Co., Ltd. 上海哪吒聚行信息科技技術有限公司 . . .	Shanghai, China 20 January 2022	RMB10,000,000	N/A	44.89%	44.89%	44.89%	IT Consultation	*(iii)*
Haozhi Technology Tongling Co., Ltd. 浩智科技銅陵有限公司 . . .	Tongling, China 28 November 2022	RMB300,000,000	N/A	100.00%	N/A	N/A	No actual business	*(i)*
Wenzhou Zhonglian Tianxia Automobile Sales Service Co., Ltd. 溫州眾聯天下汽車銷售服務有限公司.	Wenzhou, China 12 October 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Wenzhou	*(vi)*
Shenzhen Hezhida Automobile Sales Service Co., Ltd. 深圳合智達汽車銷售服務有限公司 . . .	Shenzhen, China 25 November 2022	RMB106,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shenzhen	*(vi)*
Ningbo Hezhi Automobile Sales Service Co., Ltd. 寧波合智汽車銷售服務有限公司	Ningbo, China 18 November 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Ningbo	*(vi)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group — As at 31 December 2021	2022	2023	As of report date	Principal activities and place of operation	Note
Tianjin Hezhi Automobile Sales Service Co., Ltd. 天津合智汽車銷售服務有限公司	Tianjin, China 4 November 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tianjin	*(i)*
Tianjin Zhonglian Automobile Sales Service Co., Ltd. 天津眾聯汽車銷售服務有限公司	Tianjin, China 4 November 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tianjin	*(vi)*
Jiangyin Fenshi Automobile Sales Service Co., Ltd. 江陰紛石汽車銷售服務有限公司	Jiangyin, China 27 December 2022	RMB100,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Jiangyin	*(i)*
Hezhi Car Service (Shanghai) Automotive Technology Development Co., Ltd. 合智車服(上海)汽車科技發展有限公司	Shanghai, China 17 November 2022	RMB500,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shanghai	*(i)*
Tongcheng Hezhi Automobile Sales Service Co., Ltd. 桐城合智汽車銷售服務有限公司	Tongcheng, China 15 December 2022	RMB100,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tongcheng	*(iv)*
Shijiazhuang Naikesi Automobile Sales Co., Ltd. 石家莊奈尅思汽車銷售有限公司	Shijiazhuang, China 22 December 2022	RMB5,000,000	N/A	100.00%	100.00%	N/A	Electric vehicles sales and aftersales services through investing in directly operated stores in Shijiazhuang	*(i)*
Xi'an Zhonglian Tianxia Automobile Sales Service Co., Ltd. 西安眾聯天下汽車銷售服務有限公司	Xi'an, China 24 November 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Xi'an	*(i)*
Dongguan Hezhi Automobile Sales Service Co., Ltd. 東莞合智汽車銷售服務有限公司	Dongguan, China 19 October 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Dongguan	*(i)*
Wuhan Hezhi Automobile Sales Service Co., Ltd. 武漢合智汽車銷售服務有限公司	Wuhan, China 19 October 2022	RMB5,000,000	N/A	100.00%	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Wuhan	*(i)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group: As at 31 December 2021	2022	2023	As of report date	Principal activities and place of operation	Note
Kunming Hezhida Automobile Sales and Service Co., Ltd. 昆明合智達汽車銷售服務有限公司	Kunming, China 6 December 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Shenzhen Xinzhisheng Automobile Sales and Service Co., Ltd. 深圳鑫智勝汽車銷售服務有限公司	Shenzhen, China 20 November 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Zhongyuan Neta Hezhi Automobile Sales Service (Anyang) Co., Ltd. 中原哪吒合智汽車銷售服務(安陽)有限公司	Anyang, China 29 August 2023	RMB100,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Anyang	*(iv)*
Foshan Hezhi Automobile Sales and Service Co., Ltd. 佛山合智汽車銷售服務有限公司	Foshan, China 10 August 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Foshan	*(i)*
Sanya Hezhi Heda Automobile Sales Co., Ltd. 三亞合智合達汽車銷售有限公司	Sanya, China 21 July 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Dongguan Fenshi Automobile Sales and Service Co., Ltd. 東莞紛石汽車銷售服務有限公司	Dongguan, China 16 June 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Hangzhou Fenshi Automobile Sales and Service Co., Ltd. 杭州紛石汽車銷售服務有限公司	Hangzhou, China 8 June 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Hangzhou	*(i)*
Nanjing Xinzhisheng Automobile Sales and Service Co., Ltd. 南京鑫智勝汽車銷售服務有限公司	Nanjing, China 16 May 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Nanjing	*(i)*
Suzhou Heda Tianxia Automobile Sales Co., Ltd. 蘇州合達天下汽車銷售有限公司	Suzhou, China 24 May 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Suzhou	*(i)*
Shaoxing Zhonglian Tianxia Automobile Sales and Service Co., Ltd. 紹興眾聯天下汽車銷售服務有限公司	Shaoxing, China 15 May 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Shaoxing	*(i)*
Chengdu Xinzhisheng Automobile Sales and Service Co., Ltd. 成都鑫智勝汽車銷售服務有限公司	Chengdu, China 21 April 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chengdu	*(i)*

Company name	Country/Place and date of incorporation	Registered capital	Effective interest held by the group: As at 31 December 2021	2022	2023	As of report date	Principal activities and place of operation	Note
Suzhou Hezhida Automobile Sales and Service Co., Ltd. 蘇州合智達汽車銷售服務有限公司	Suzhou, China 20 April 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Suzhou	*(i)*
Kunshan Zhonglian Tianxia Automobile Sales and Service Co., Ltd. 昆山眾聯天下汽車銷售服務有限公司	Kunshan, China 6 April 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Kunshan	*(i)*
Wuhan Zhonglian Tianxia Automobile Sales and Service Co., Ltd. 武漢眾聯天下汽車銷售服務有限公司	Wuhan, China 4 April 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Wuhan	*(i)*
Tongxiang Hezhi New Energy Vehicle Sales Service Co., Ltd. 桐鄉合智新能源汽車銷售服務有限公司	Jiaxing, China 3 April 2023	RMB10,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Tongxiang	*(iv)*
Guangzhou Fenshi Automobile Sales Service Co., Ltd. 廣州紛石汽車銷售服務有限公司	Guangzhou, China 31 March 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Guangzhou	*(i)*
Suzhou Zhonglian Tianxia Automobile Sales Co., Ltd. 蘇州眾聯天下汽車銷售有限公司	Suzhou, China 17 March 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Suzhou	*(i)*
Chengdu Hezhi Heda Automobile Sales Service Co., Ltd. 成都合智合達汽車銷售服務有限公司	Chengdu, China 14 March 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chengdu	*(i)*
Wuxi Zhonglian Tianxia Automobile Sales Service Co., Ltd. 無錫眾聯天下汽車銷售服務有限公司	Wuxi, China 28 February 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Wuxi	*(i)*
Chengdu Heda Tianxia Automobile Sales Service Co., Ltd. 成都合達天下汽車銷售服務有限公司	Chengdu, China 6 March 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Chengdu	*(i)*

			Effective interest held by the group					
			As at 31 December					
Company name	Country/Place and date of incorporation	Registered capital	2021	2022	2023	As of report date	Principal activities and place of operation	Note
Haikou Zhonglian Tianxia Automobile Sales Service Co., Ltd. 海口眾聯天下汽車銷售服務有限公司	Haikou, China 2 March 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Haikou	*(i)*
Hangzhou Zhonglian Tianxia Automobile Sales Service Co., Ltd. 杭州眾聯天下汽車銷售服務有限公司	Hangzhou, China 24 February 2023	RMB 5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Hangzhou	*(i)*
Yiwu Fenshi Automobile Sales Service Co., Ltd. 義烏紛石汽車銷售服務有限公司	Yiwu, China 21 February 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Yiwu	*(i)*
Guangzhou Heda Tianxia Automobile Sales and Service Co., Ltd. 廣州合達天下汽車銷售服務有限公司	Guangzhou, China 28 April 2023	RMB5,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services through investing in directly operated stores in Guangzhou	*(i)*
Shanghai Neta Anxing Technology Service Co., Ltd. 上海哪吒安行科技服務有限公司	Shanghai, China 28 February 2023	RMB10,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Beijing Neta Travel Technology Service Co., Ltd. 北京哪吒出行科技服務有限公司	Beijing, China 16 February 2023	RMB10,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
Shanghai Neta Hezhi Business Management Co., Ltd. 上海哪吒合智商務管理有限公司	Shanghai, China 9 May 2023	RMB20,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
NETA Automobile Hong Kong technology Co., Ltd 哪吒汽車香港科技有限公司	Hongkong, China 19 December 2023	HKD1,000,000	N/A	N/A	100.00%	100.00%	No actual business	*(i)*
NETA SALES AUTO (THAILAND) CO., LTD. 哪吒汽車銷售(泰國)有限公司	Bangkok, Thailand 31 May 2023	THB110,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services in Thailand	*(v)*
PT NETA AUTO INDONESIA哪吒汽車(印度尼西亞)有限公司	Jakarta, Indonesia 13 June 2023	IDR10,000,000,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services; Electric vehicles and components manufacturing	*(i)*
NETA Auto Europe B.V. 哪吒汽車(歐洲)私人有限責任公司	Amsterdam, Netherlands 27 June 2023	EUR 200,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services	*(i)*
NETA Auto Netherlands B.V. 哪吒汽車(荷蘭)私人有限責任公司	Amsterdam, Netherlands 06 July 2023	EUR 200,000	N/A	N/A	100.00%	100.00%	Electric vehicles sales and aftersales services	*(i)*

(i) No audited financial statements were issued for these companies for the years ended 31 December 2021, 2022 and 2023 as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(ii) The financial statements of the subsidiaries for the years ended 31 December 2021 and 2022 were audited by Zhonghui Certified Public Accountants Wuxi Branch 中匯會計師事務所(特殊普通合夥)無錫分所, certified public accountants registered in the PRC. The financial statements of the subsidiaries for the year ended 31 December 2023 were audited by Zhongxinghua Certified Public Accountants LLP 中興華會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(iii) The financial statements of the subsidiaries for the years ended 31 December 2022 were audited by Zhonghui Certified Public Accountants Wuxi Branch 中匯會計師事務所(特殊普通合夥)無錫分所, certified public accountants registered in the PRC. The financial statements of the subsidiaries for the year ended 31 December 2023 were audited by Zhongxinghua Certified Public Accountants LLP 中興華會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(iv) The financial statements of the subsidiaries for the years ended 31 December 2023 were audited by Zhongxinghua Certified Public Accountants LLP 中興華會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(v) The financial statements of the subsidiaries for the years ended 31 December 2021 and 2022 were audited by Zhonghui Certified Public Accountants Wuxi Branch 中匯會計師事務所(特殊普通合夥)無錫分所, certified public accountants registered in the PRC. The financial statements of the subsidiaries for the year ended 31 December 2023 were not issued at the date of this report.

(vi) The financial statements of the subsidiaries for the years ended 31 December 2022 were audited by Zhonghui Certified Public Accountants Wuxi Branch 中匯會計師事務所(特殊普通合夥)無錫分所, certified public accountants registered in the PRC. The financial statements of the subsidiaries for the year ended 31 December 2023 were not issued at the date of this report.

(vii) These are subsidiaries established in 2021, the financial statements of the subsidiaries for the year ended 31 December 2021 were audited by Saenwattana Ordinary Partnership. The financial statements of the subsidiaries for the year ended 31 December 2022 were audited by PricewaterhouseCoopers ABAS Limited. The financial statements of the subsidiaries for the year ended 31 December 2023 were not issued at the date of this report.

(viii) The financial statements of the subsidiaries for the years ended 31 December 2022 were audited by PricewaterhouseCoopers Limited 羅兵咸永道會計師事務所, certified public accountants registered in Hong Kong. The financial statements of the subsidiaries for the year ended 31 December 2023 were not issued at the date of this report.

(b) Investments in subsidiaries — the Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Investments in subsidiaries, at costs	2,342,000	3,520,000	4,410,000
Deemed investment arising from share-based compensation	16,648	54,916	92,734
	2,358,648	3,574,916	4,502,734

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Investment in associates			
Opening balance as at 1 January	4,497	5,392	6,389
Addition of investments accounted for using the equity method	–	–	14,500
Share of net profit of associates accounted for using the equity method	895	997	328
Investments accounted for using the equity method	5,392	6,389	21,217

Set out below are associates of the Group as at 31 December 2021, 2022 and 2023 which, in the opinion of the directors, is material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	Nature of relationship	% of ownership interest As at 31 December of 2021	2022	2023	Principal activities
Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD 匯眾天下(江蘇)新能源科技有限公司	Jiangsu, China	Associate	45%	45%	45%	Technology development services and vehicle sales in the PRC

On 19 November 2021, the Company and a third party co-founded Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD 匯眾天下(江蘇)新能源科技有限公司 (the "Huizhongtianxia"). The paid-in capital of the Huizhongtianxia is RMB10,000,000. The Company owns 45% equity interest of the Huizhongtianxia and has significant influence on the Huizhongtianxia through its representative in the board of directors of the Huizhongtianxia.

In 2017, the Group also invested in Anyang Lizhong New Energy Industry Investment Center (limited partnership) ("Anyang Lizhong") in 2017, with an investment cost of RMB1 million. Anyang Lizhong was regarded as a joint venture as the Group has joint control to the board of director of Anyang Lizhong and hence, it is accounted for using the equity method. The Group shared the losses of Anyang Lizhong to the extent of the Group's investment since 2018.

There are no contingent liabilities or commitments relating to the Group's investments accounted for using the equity method.

(a) Summarized financial information for associates

The tables below provide summarized financial information for the associate material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Company's share of those amounts.

Summarized statement of financial position

Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD 匯眾天下(江蘇)新能源科技有限公司	As at 31 December 2021 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Unaudited)
Current assets			
— Cash and cash equivalents	712	499	1,296
— Other current assets	20,326	59,657	254,197
Total current assets	21,038	60,156	255,493
Total non-current assets	10	62	1,235
Total liabilities	9,065	46,021	241,712
Net assets	11,983	14,197	15,016
Reconciliation to carrying amounts:			
Opening net assets as at 1 January or the date of establishment	9,994	11,983	14,197
Profit for the year	1,989	2,214	819
Closing net assets	11,983	14,197	15,016
Group's share in %	45.00%	45.00%	45.00%
Group's share in RMB	5,392	6,389	6,757
Carrying amount	5,392	6,389	6,757
Revenue	760,723	499,772	824,337
Profit for the year	1,989	2,214	819
Group's share in %	45.00%	45.00%	45.00%
Group's share of profit of associate accounted for using the equity method	895	997	368

20 OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Prepayment for long-term assets	52,549	32,293	35,039
Contract acquisition cost	–	–	69,335
	52,549	32,293	104,374

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Prepayment for long-term assets	39,543	25,469	18,672

21 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Financial assets			
Financial assets at amortised cost:			
— Trade and bills receivables *(Note 23)*	1,208,313	2,612,541	2,649,711
— Receivables under finance lease arrangement *(Note 17)*	609,682	2,207,035	2,226,379
— Other receivables *(Note 24)*	168,025	133,585	181,678
— Restricted cash *(Note 26)*	2,291,032	4,770,616	2,968,194
— Cash and cash equivalents *(Note 26)*	3,605,708	6,757,486	2,836,595
	7,882,760	16,481,263	10,862,557
Financial assets at fair value through profit or loss	50,000	419,900	157,335
Financial assets at fair value through other comprehensive income	23,330	–	82,570
	7,956,090	16,901,163	11,102,462

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial liability			
Derivative financial instruments *(Note 35)*	1,352,365	–	–
Financial liabilities at amortised cost:			
— Trade and bills payables *(Note 31)*	2,996,218	6,745,885	6,225,887
— Other payables (excluding other tax payables and payroll and welfare payables) *(Note 32)*	566,021	4,030,063	952,701
— Borrowings *(Note 30)*	1,498,943	4,966,166	5,757,316
— Lease liabilities *(Note 15)*	158,419	790,915	830,089
— Other long term liabilities	10,000	–	–
— Financial instruments with preferred rights	9,189,070	–	–
	14,418,671	16,533,029	13,765,993
	15,771,036	16,533,029	13,765,993

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at end of the Track Record Period is the carrying amount of each class of financial assets mentioned above.

22 INVENTORIES

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Raw materials and spare parts	303,530	1,036,357	993,555
Finished goods	604,082	2,246,176	1,078,114
	907,612	3,282,533	2,071,669
Less: provisions for impairment of raw materials and spare parts	(42,230)	(160,459)	(118,666)
Less: provisions for impairment of finished goods	(126,468)	(322,564)	(94,820)
	(168,698)	(483,023)	(213,486)
	738,914	2,799,510	1,858,183

Raw materials primarily consist of materials for volume production which will be transferred into production cost when incurred as well as spare parts used for after sales services. Finished products include vehicles ready for transit at production plants, vehicles in transit to fulfil customers' orders, new vehicles available for immediate sales at the Group's sales and servicing center locations.

During the years ended 31 December 2021, 2022 and 2023, inventories recognized as expenses amounted to approximately RMB6,015,286,000 RMB14,312,398,000 and RMB13,955,752,000 respectively and the provision for impairment of inventories as recognized for the respective years amounted to approximately RMB158,507,000, RMB462,746,000 and RMB213,486,000, respectively. All these expenses and impairment charge have been included in "costs of sales" in the consolidated statements of comprehensive loss.

During the years ended 31 December 2021, 2022 and 2023, the provision for impairment of inventories as utilized upon the Group's ultimate sales of the related vehicles/parts amounted to approximately RMB35,549,000, RMB148,421,000 and RMB483,023,000, respectively and there was not any reversal of over-provision recognized in profit or loss for the respective years.

As at 31 December 2023, inventories with carrying value of RMB290,781,000 were pledged as security for certain supply chain finance arrangements with related parties of the Group (Note 30, Note 38).

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	239,481	920,122	661,406
Finished goods	44,980	455,047	70,492
	284,461	1,375,169	731,898
Less: provisions for impairment of raw materials	(32,366)	(142,805)	(271,171)
Less: provisions for impairment of finished goods	(20,902)	(127,214)	(2,641)
	(53,268)	(270,019)	(273,812)
	231,193	1,105,150	458,086

23 TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Bills receivables *(a)*	56,043	8,221	469,367
Provisions for impairment	(5)	(1)	(63)
	56,038	8,220	469,304
Trade receivables			
Due from related parties *(Note 38)*	3,917	4,847	204,701
Due from third parties			
— Government subsidies receivables for promotion of new energy vehicles	1,113,662	2,476,798	1,198,051
— Receivables from customers for the sales of vehicles and parts	40,948	120,668	795,647
— Others	2,264	14,601	7,175
Gross trade receivables	1,160,791	2,616,914	2,205,574
Provisions for impairment	(8,516)	(12,593)	(25,167)
	1,152,275	2,604,321	2,180,407
Total	1,208,313	2,612,541	2,649,711

(a) Bills receivables

The balance as at 31 December 2021, 2022 and 2023 primarily comprises of the bills receivable as collected by the Group during sales of new energy vehicles.

(b) Trade receivables

The balance of supply chain financing arrangement amounted to RMB143,569,000 was pledged by government subsidies receivables for promotion of new energy vehicles amounted to RMB155,000,000. (Note 30(h))

(i) Aging analysis of the trade receivables

The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Up to 6 months	723,834	948,249	766,937
6 months to 1 year	246,410	649,993	214,761
1 to 2 years	119,737	938,755	1,215,064
2 to 3 years	69,239	73,519	7,331
Over 3 years	1,571	6,398	1,481
	1,160,791	2,616,914	2,205,574

As at 31 December 2021, 2022 and 2023, the balance as primarily comprises of the trade receivables with aging of more than one year are government subsidies receivables for promotion of new energy vehicles.

(i) Fair values of the trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

(ii) Impairment and risk exposure

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1 provides details about the calculation of the allowance. The loss allowance for trade receivables as at 31 December 2021, 2022 and 2023 is determined as follows:

The Group classified the trade receivables into below categories:

- Category 1: trade receivables — government subsidies
- Category 2: trade receivables — related parties
- Category 3: trade receivables — sales of vehicles and parts and others

The closing loss allowances for trade receivables of different categories as at 31 December 2021, 2022 and 2023 are listed as follows:

Category 1: trade receivables — government subsidies

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Gross carrying amount — trade receivables (RMB'000)	688,011	243,823	112,356	67,901	1,571	1,113,662
Loss allowances (RMB'000)	699	248	114	69	2	1,132

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Gross carrying amount — trade receivables (RMB'000)	820,398	646,130	931,834	73,318	5,118	2,476,798
Loss allowances (RMB'000)	2,793	2,229	3,214	253	18	8,507

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	–	–	0.44%	–	–	0.44%
Gross carrying amount — trade receivables (RMB'000)	–	–	1,198,051	–	–	1,198,051
Loss allowances (RMB'000)	–	–	5,239	–	–	5,239

Category 2: trade receivables — related parties

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.15%	–	–	–	–	0.15%
Gross carrying amount — trade receivables (RMB'000)	3,917	–	–	–	–	3,917
Loss allowances (RMB'000)	6	–	–	–	–	6

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.32%	0.32%	0.32%	–	–	0.32%
Gross carrying amount — trade receivables (RMB'000)	941	39	3,867	–	–	4,847
Loss allowances (RMB'000)	3	–*	12	–	–	15

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.32%	0.32%	0.32%	0.32%	–	0.32%
Gross carrying amount — trade receivables (RMB'000)	200,395	400	39	3,867	–	204,701
Loss allowances (RMB'000)	643	1	–*	12	–	656

* The balance represents an amount less than RMB1,000.

Category 3: trade receivables — sales of vehicles and parts and others

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.98%	1.92%	6.79%	–	–	1.09%
Gross carrying amount — trade receivables (RMB'000)	29,686	2,400	221	–	–	32,307
Loss allowance provision	292	46	15	–	–	353
Carrying amount of receivables	2,220	187	7,160	1,338	–	10,905
Individually impaired receivables	1,551	14	4,122	1,338	–	7,025
Total loss allowances (RMB'000)	1,843	60	4,137	1,338	–	7,378

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.52%	3.22%	17.22%	–	–	0.79%
Gross carrying amount — trade receivables (RMB'000)	126,024	3,824	1,562	–	–	131,410
Loss allowance provision	652	123	269	–	–	1,044
Carrying amount of receivables	886	–	1,492	201	1,280	3,859
Individually impaired receivables	54	–	1,492	201	1,280	3,027
Total loss allowances (RMB'000)	706	123	1,761	201	1,280	4,071

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.54%	9.77%	17.82%	27.79%	–	2.22%
Gross carrying amount — trade receivables (RMB'000)	566,542	85,241	16,523	1,972	–	670,278
Loss allowance provision	3,059	8,327	2,945	548	–	14,879
Carrying amount of receivables	–	129,120	451	1,492	1,481	132,544
Individually impaired receivables	–	1,386	34	1,492	1,481	4,393
Total loss allowances (RMB'000)	3,059	9,713	2,979	2,040	1,481	19,272

Total trade and bills receivables were denominated in the following currencies:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
RMB	1,216,834	2,559,731	2,630,438
THB	–	65,381	44,503
USD	–	23	–
	1,216,834	2,625,135	2,674,941

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bills receivables	763,592	1,214,985	128,455
Provisions for impairment	(235)	(707)	–
	763,357	1,214,278	128,455
Trade receivables			
Due from subsidiaries and other related parties	1,678,728	5,133,213	7,313,738
Due from third parties			
— Government subsidies receivables for promotion of new energy vehicles	1,113,662	2,438,326	1,198,051
— Receivables from a customer for the sales of vehicles and parts	1,532	715	20,887
Gross trade receivables	2,793,922	7,572,254	8,532,676
Provisions for impairment	(3,752)	(24,929)	(30,172)
	2,790,170	7,547,325	8,502,504
Total	3,553,527	8,761,603	8,630,959

(a) Aging analysis of the trade receivables

As at 31 December 2021 and 2022 and 2023, the aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Up to 6 months	2,367,439	5,915,786	6,636,065
6 months to 1 year	244,010	646,180	698,094
1 to 2 years	113,001	931,852	1,198,499
2 to 3 years	67,901	73,318	18
Over 3 years	1,571	5,118	–
	2,793,922	7,572,254	8,532,676

As at 31 December 2021, 2022 and 2023, the balance as primarily comprises of the trade receivables with aging of more than one year are government subsidies receivables for promotion of new energy vehicles.

(b) Impairment and risk exposure

The Company classified the trade receivables into below categories:

- Category 1: trade receivables — government subsidies
- Category 2: trade receivables — subsidiaries and other related parties
- Category 3: trade receivables — sales of vehicles and parts

As at 31 December 2021, 2022 and 2023, the Company has no individually impaired trade receivables.

The closing loss allowances for trade receivables of different categories as at 31 December 2021, 2022 and 2023 are listed as follows:

Category 1: trade receivables — government subsidies

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Gross carrying amount — trade receivables (RMB'000)	688,011	243,823	112,356	67,901	1,571	1,113,662
Loss allowances (RMB'000)	699	248	114	69	2	1,132

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Gross carrying amount — trade receivables (RMB'000)	781,926	646,130	931,834	73,318	5,118	2,438,326
Loss allowances (RMB'000)	2,697	2,229	3,214	253	18	8,411

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	–	–	0.44%	–	–	0.44%
Gross carrying amount — trade receivables (RMB'000)	–	–	1,198,051	–	–	1,198,051
Loss allowances (RMB'000)	–	–	5,239	–	–	5,239

Category 2: trade receivables — subsidiaries and other related parties

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.15%	–	–	–	–	0.15%
Gross carrying amount — trade receivables (RMB'000)	1,678,728	–	–	–	–	1,678,728
Loss allowances (RMB'000)	2,507	–	–	–	–	2,507

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.32%	0.32%	–	–	–	0.32%
Gross carrying amount — trade receivables (RMB'000)	5,133,163	50	–	–	–	5,133,213
Loss allowances (RMB'000)	16,464	–*	–	–	–	16,464

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.32%	0.32%	–	–	–	0.32%
Gross carrying amount — trade receivables (RMB'000)	6,615,644	698,094	–	–	–	7,313,738
Loss allowances (RMB'000)	21,222	2,239	–	–	–	23,461

* The balance represents an amount less than RMB1,000.

Category 3: trade receivables — sales of vehicles and parts

As at 31 December 2021	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.43%	7.49%	7.29%	–	–	7.38%
Gross carrying amount — trade receivables (RMB'000)	700	187	645	–	–	1,532
Loss allowances (RMB'000)	52	14	47	–	–	113

As at 31 December 2022	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.03%	–	27.78%	–	–	7.55%
Gross carrying amount — trade receivables (RMB'000)	697	–	18	–	–	715
Loss allowances (RMB'000)	49	–	5	–	–	54

As at 31 December 2023	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.03%	–	6.92%	27.78%	–	7.05%
Gross carrying amount — trade receivables (RMB'000)	20,421	–	448	18	–	20,887
Loss allowances (RMB'000)	1,436	–	31	5	–	1,472

24 PREPAYMENTS AND OTHER RECEIVABLES — THE GROUP AND THE COMPANY

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other receivables *(a)*			
— Due from related parties *(Note 38)*	118,123	14,595	14,602
— Refundable deposits *(i)*	46,813	109,500	134,089
— Advance to employees	3,461	8,727	12,654
— Others	1,495	2,854	23,671
	169,892	135,676	185,016
Provision for impairment	(1,867)	(2,091)	(3,338)
	168,025	133,585	181,678

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Prepayments for			
— Due from related parties *(Note 38)*	–	19,682	159,796
— Raw materials	1,091,644	1,720,773	504,533
— Short-term lease rental	20,480	68,984	68,275
— Other operating expenses	76,560	48,932	96,966
— Others	6,148	33,956	12,231
	1,194,832	1,892,327	841,801
VAT recoverable *(b)*	328,801	676,668	1,288,875
Total prepayments and other receivables	1,691,658	2,702,580	2,312,354

As at 31 December 2021, 2022 and 2023, the fair value of other receivables of the Group approximated their carrying amounts.

Prepayments and other receivables were dominated in the following currencies:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
RMB	1,691,658	2,701,931	2,285,403
THB	–	649	26,206
USD	–	–	466
IDR	–	–	279
	1,691,658	2,702,580	2,312,354

(a) Other receivables

(i) Refundable deposits

As at 31 December 2022 and 2023, the Group had borrowings from certain finance leasing companies, in the form of sales-leaseback arrangements and factoring, which required security deposits of RMB52,105,000 and RMB21,855,000 respectively (Note 30(d)(h)).

The balance of supply chain financing arrangement amounted to RMB180,821,000 was pledged by security deposits with total amounts to RMB18,082,000. (Note 30(h))

(ii) Impairment and risk exposure

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences incorporating forward-looking information. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Expected credit loss ("ECL") model for other receivables, as summarized below:

- The other receivables that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis;
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. The expected credit loss is measured on lifetime basis;
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis; and
- Under Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit- impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting period to the amortized cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The loss allowance recognized in the year is impacted by a variety of factors, as described below:

- Transfer between stage 1 and stage 2 or 3 due to other receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized, as well as releases for other receivables derecognized in the period; and
- Other receivables derecognized and write-offs of allowance related to assets that were written off during the year.

The Group considers counter-parties as follows:

- 'Stage 1' — Counter-parties who have a low risk of default and a strong capacity to meet contractual cash flows;
- 'Stage 2' — Counter-parties whose repayments are due past but with reasonable expectation of recovery; and
- 'Stage 3' — Counter-parties whose repayments are due past and with low reasonable expectation of recovery.

The following tables explain the changes in the loss allowance for other receivables between the beginning and the end of the year:

	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount as at 31 December 2021 (RMB'000)	169,736	–	156	169,892
Loss allowance as at 31 December 2021 (RMB'000)	1,711	–	156	1,867
Expected credit loss rate	1.01%	–	100.00%	1.10%
Gross carrying amount as at 31 December 2022 (RMB'000)	135,520	–	156	135,676
Loss allowance as at 31 December 2022 (RMB'000)	1,935	–	156	2,091
Expected credit loss rate	1.43%	–	100.00%	1.54%

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 31 December 2023 (RMB'000)	184,860	–	156	185,016
Loss allowance as at 31 December 2023 (RMB'000)	3,182	–	156	3,338
Expected credit loss rate	1.72%	–	100.00%	1.80%

(b) Input VAT to be deducted are mainly input VAT arisen from the acquisition of materials, property, plant and equipment and intangible assets. According to Announcement of the General Administration of Taxation and Customs of the Ministry of Finance on Policies for Deepening the Reform of Value-Added Tax (Announcement of the General Administration of Taxation and Customs of the Ministry of Finance, (2019) No. 39), enterprises with value-added tax recoverable balance can, starting from 1 April 2019, apply for the refund with a percentage of 10% of the current deductible input tax.

The Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Other receivables			
— Due from subsidiaries and related parties	1,572,111	369	4,646
— Refundable deposits as guarantee	29,643	19,263	25,405
— Advance to employees	2,680	3,694	9,013
— Others	1,202	1,724	12,353
	1,605,636	25,050	51,417
Provisions for impairment	(3,263)	(570)	(968)
	1,602,373	24,480	50,449
Prepayments for			
— Due from subsidiaries and related parties	10	1,758,572	1,915,293
— Raw materials	793,374	1,034,479	51,233
— Short-term lease rental expense	5,175	5,861	11,163
— Other operating expenses	45,947	40,340	84,599
— Others	1,274	8,603	7,434
	845,780	2,847,855	2,069,722
Input VAT to be deducted	45,559	175,519	451,827
Total prepayments and other receivables	2,493,712	3,047,854	2,571,998

(i) Impairment and risk exposure

The following tables explain the changes in the loss allowance for the Company's other receivables between the beginning and the end of the year:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 31 December 2021 (RMB'000)	1,605,480	–	156	1,605,636
Loss allowance as at 31 December 2021 (RMB'000)	3,107	–	156	3,263
Expected credit loss rate	0.19%	–	100.00%	0.20%
Gross carrying amount as at 31 December 2022 (RMB'000)	24,894	–	156	25,050
Loss allowance as at 31 December 2022 (RMB'000)	414	–	156	570
Expected credit loss rate	1.66%	–	100.00%	2.28%
Gross carrying amount as at 31 December 2023 (RMB'000)	51,261	–	156	51,417
Loss allowance as at 31 December 2023 (RMB'000)	812	–	156	968
Expected credit loss rate	1.58%	–	100.00%	1.88%

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through profit or loss

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

Debt investments that do not qualify for measurement at FVOCI

The Group's financial assets measured at FVPL includes the following:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current assets			
Structured deposits *(i)*	50,000	419,900	15,000
Wealth management products *(ii)*	–	–	142,335
	50,000	419,900	157,335

The Company's financial asset measured at FVPL include the following:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current assets			
Structured deposits	50,000	–	15,000

(i) During the reporting period, financial assets at fair value through profit or loss consisted of low risk structured deposits with floating interest rates, the yield of which was related to the pricing of gold, dollar etc. The duration of the aforementioned financial assets was no more than 6 months. As at 31 December 2021, 2022 and 2023, financial assets with amounts of RMB50,000,000, RMB419,000,000 and RMB15,000,000 were pledged as security deposits for issuance of bank acceptance notes (Note 31(a)).

(ii) The investments represented three investment funds managed by three different investment managers. Investment objectives were to invest in US treasury national note/bond.

(b) Amounts recognized in profit or loss

During the year, the following gains were recognized in profit or loss.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Fair value gains on financial assets at FVPL recognized in other losses *(Note 7)*	–	(4,812)	(1,296)

(c) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value see Note 3.3.

Fair value through other comprehensive income

(a) Classification of financial assets at fair value through other comprehensive income (FVOCI)

The Group classifies the followings as financial assets at FVOCI:

Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

The bills receivable represents bank acceptance notes as at 31 December 2021, 2022 and 2023. The Group discounted and endorsed bank acceptance notes according to their daily fund management needs. The business model for the management of bank acceptance notes includes both collection of contractual cash flow and holding for sales, therefore, the bills receivable is measured at fair value through other comprehensive income. The fair value of bills receivable is estimated as the present value of the future cash flows, discounted at the market interest rates at each reporting date.

The Group's financial assets measured at FVOCI include the following:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current assets			
Bills receivables	23,330	–	82,570

The Company's financial assets measured at FVOCI include the following:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current assets			
Bills receivables	200,010	–	–

26 CASH AND CASH EQUIVALENTS

The Group

(a) Cash and cash equivalents

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash at banks	5,896,740	11,528,102	5,804,789
Less: restricted cash *(b)*	(2,285,664)	(4,620,586)	(2,609,756)
Less: non-current portion of restricted cash *(c)*	(5,368)	(150,030)	(358,438)
Cash and cash equivalents	3,605,708	6,757,486	2,836,595

The maximum exposure to credit risk at the reporting date is the carrying values of the cash and cash equivalents and restricted cash as mentioned above.

(b) Restricted cash

As at 31 December 2021, cash at banks with amounts of RMB2,227,039,000 were restricted as security deposits for insurance of bank acceptance notes (Note 31(a)), RMB13,992,000 were restricted as deposits at call, RMB44,633,000 were restricted as security deposits for bank borrowings (Notes 30(b)(f)).

As at 31 December 2022, cash at banks with amounts of RMB4,289,785,000 were restricted as security deposits for insurance of bank acceptance notes (Note 31(a)), RMB309,000,000 were restricted as a six-month term deposit, which was pledged for bank borrowings (Note 30(f)), RMB21,801,000 were restricted as security deposits for bank borrowings (Notes 30(b)).

As at 31 December 2023, cash at banks with amounts of RMB1,931,160,000 were restricted as security deposits for insurance of bank acceptance notes (Note 31(a)), RMB309,000,000 were restricted as a six-month term deposit, which was pledged for bank borrowings (Note 30(f)), RMB15,398,000 were restricted as security deposits for bank borrowings (Notes 30(b)), RMB354,198,000 were restricted as security deposits for bank guarantees.

(c) Non-current portion of restricted cash

As at December 2021, cash at banks with amounts of RMB5,368,000 were restricted as security deposits for long-term bank borrowings (Note 30(b)).

As at December 2022, cash at banks with amounts of RMB5,346,000 were restricted as security deposits for long-term bank borrowings (Note 30(b)), RMB144,685,000 were restricted as security deposits for bank guarantees.

As at December 2023, cash at banks with amounts of RMB16,202,000 were restricted as security deposits for long-term bank borrowings (Note 30(b)), RMB342,236,000 were restricted as security deposits for bank guarantees.

Cash at banks are denominated in the following currencies.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
RMB	5,894,149	11,333,556	5,046,373
USD	2,591	3,002	6,043
THB	–	191,544	738,543
HKD	–	–	462
EUR	–	–	144
IDR	–	–	13,224
	5,896,740	11,528,102	5,804,789

The Company

(d) Cash and cash equivalents

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash at banks	2,444,607	5,545,441	998,370
Less: current portion of restricted cash *(e)*	(760,028)	(1,625,689)	(414,828)
Less: non-current portion of restricted cash *(f)*	–	(93,393)	–
Cash and cash equivalents	1,684,579	3,826,359	583,542

The maximum exposure to credit risk at the reporting date is the carrying values of cash and cash equivalents and restricted cash as mentioned above.

(e) Restricted cash

As at 31 December 2021, cash at banks with amounts of RMB720,028,000 were restricted as security deposits for issuance of bank acceptance notes (Note 31(a)), RMB40,000,000 were restricted as security deposits for bank borrowings (Note 30(f)).

As at 31 December 2022, cash at banks with amounts of RMB1,625,689,000 were restricted as security deposits for issuance of bank acceptance notes (Note 31(a)).

As at 31 December 2023, cash at banks with amounts of RMB414,828,000 were restricted as security deposits for issuance of bank acceptance notes (Note 31(a)).

(f) Non-current portion of restricted cash

As at 31 December 2022, cash at banks with amounts of RMB93,393,000 were restricted as security deposits for two bank guarantees.

Cash at banks are denominated in the following currencies:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
RMB	2,444,607	5,545,440	998,369
USD	–	1	1
	2,444,607	5,545,441	998,370

27 PAID-IN CAPITAL AND SHARE CAPITAL

Paid-in capital

The Group and the Company

	Paid-in capital
	RMB'000
As at 1 January 2021	1,130,496
Capital contributions from series B+ investors *(a)*	19,867
Capital contributions from series C investors *(b)*	278,647
360 Transfer *(a)*	178,798
Capital contributions from series D1 investors *(c)*	167,988
Capital contributions form series D2 investors *(d)*	135,190
As at 31 December 2021	1,910,986
As at 1 January 2022	1,910,986
Capital contributions from series D1 investors *(e)*	33,776
Capital contributions from series D2 investors *(f)*	63,995
Capital contributions from series D3 investors *(g)*	254,174
Capital contributions from ESOP-Youwei & Taohan *(h) (Note 29)*	64,075
Capital contributions from ESOP-YingTong *(i) (Note 29)*	87,994
As at 31 December 2022	2,415,000
As at 1 January 2023	2,415,000
Conversion into a joint stock company *(j)*	(2,415,000)
As at 31 December 2023	–

(a) In March 2021, the consideration of RMB100,000,000 was contributed to the Company by Series B+ investors with RMB19,867,000 and RMB80,133,000 credited to the Company's paid-in capital and capital reserves (Note 28).

In September 2021, series B+ investor, Nanning Minsheng New Energy Industry Investment Partnership (Limited Partnership) ("Nanning Fund") and Chengdu Hongjing Technology Co., Ltd. ("Chengdu Hongjing") entered into an equity transfer agreement, pursuant to which Nanning Fund transferred its nil-paid 10.69%

equity interest in the Company, representing RMB178,798,000 of nil-paid registered capital of Company, to Chengdu Hongjing at nil-consideration. (the "360 Transfer"). The Consideration of RMB900,000,000 was contributed to the Company with RMB178,798,000 and RMB721,202,000 credited to the Company's paid in capital and capital reserves respectively (Note 28).

(b) In January 2021, the Company entered into an investment agreement with the series C investors, pursuant to which the series C investors agreed to subscribe and contribute RMB278,647,000 paid-in capital of the Company. The Consideration of RMB2,000,000,000 was contributed to the Company with RMB278,647,000, RMB1,490,220,000 and RMB231,133,000 credited to the Company's paid-in capital, capital reserves (Note 28) and derivative financial liability respectively (Note 35).

(c) In December 2021, the Company entered into an investment agreement with series D1 investors, pursuant to which series D1 investor agreed to subscribe and contribute RMB281,758,000 paid-in capital of the Company. In 2021, the consideration of RMB2,100,000,000 was contributed to the Company with RMB167,988,000 and RMB1,932,012,000 credit to the Company's paid-in capital and capital reserves respectively (Note 28).

(d) In December 2021, the Company entered into an investment agreement with series D2 investors, pursuant to which series D2 investors agreed to subscribe and contribute RMB223,184,000 paid-in capital of the Company. In 2021, the consideration of RMB1,690,000,000 was contributed to the Company with RMB135,190,000 and RMB1,554,810,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

(e) In 2022, the consideration of RMB100,000,000 and USD50,000,000 invested by series D1 investors contribute RMB33,776,000 and RMB382,717,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

(f) In 2022, the consideration of RMB800,000,000 invested by series D2 investors contribute RMB63,995,000 and RMB736,005,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

(g) In February 2022, the Company entered into an investment agreement with series D3 investors. In 2022, the consideration of RMB3,177,405,000 received from series D3 investors contribute RMB254,174,000 and RMB2,923,230,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

(h) In 2022, the consideration of RMB128,150,000 invested by Yichun Youwei Enterprise Management Consulting Partnership (Limited Partnership) (宜春優唯企業管理諮詢合夥企業(有限合夥)) ("Youwei"), Yichun Taohan Enterprise Management Consulting Partnership (Limited Partnership) (宜春濤瀚企業管理諮詢合夥企業(有限合夥)) ("Taohan") (Note 29) contribute RMB64,075,000 and RMB64,074,000 credit to the Company's paid-in capital and capital reserves respectively (Note 28).

(i) In 2022, the consideration of RMB350,111,000 invested by Yichun Yingtong Enterprise Management Consulting Center (Limited Partnership) (宜春盈同企業管理諮詢中心(有限合夥)) ("YingTong") (Note 29) contribute RMB87,994,000 and RMB262,116,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

(j) In February 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 2,415,000,000 ordinary shares at RMB1.0 each. The excess of net assets converted over nominal value of the ordinary shares amount of RMB4,667,000,000 was credited to the Company's share premium (Note 28).

Share capital

The Group and the Company

	Share capital
	RMB'000
As at 1 January 2021, 31 December 2021 and 31 December 2022	–
Conversion into a joint stock company *(Note 27(j))*	2,415,000
Capital contributions form Series Crossover investors *(k)*	348,150
As at 31 December 2023	2,763,150

(k) In 2022 and 2023, the Company entered into investment agreements with series Crossover investors, pursuant to which series Crossover investors agreed to subscribe and contribute approximately RMB348,150,000 share capital of the Company. In 2023, the consideration of approximately RMB5,622,298,000 was contributed to the Company with RMB348,150,000 and RMB5,274,148,000 credited to the Company's paid-in capital and capital reserves respectively (Note 28).

28 TREASURY STOCK AND RESERVES

The following table shows a breakdown of the balance sheet line items "treasury stock" and "reserves" and their movements during the respective years. The treasury stock shown during the Track Record Period does not represent shares that have been purchased and to be cancelled by the Company.

The Group and the Company

		Reserve						
	Treasury stock	Share Premium	Capital reserves	Share-based payment reserves	Surplus Reserve	Financial assets at FVOCI	Foreign currency translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	(1,989,783)	–	3,097,203	170,908	17	–	–	3,268,128
— Capital contributions from series B+ investors *(Note 27)*	–	–	801,335	–	–	–	–	801,335
— Capital contributions from series C investors *(Note 27)*	–	–	1,490,220	–	–	–	–	1,490,220
— Capital contributions from series D1 investors *(Note 27)*	–	–	1,932,012	–	–	–	–	1,932,012
— Capital contributions form series D2 investors *(Note 27)*	–	–	1,554,810	–	–	–	–	1,554,810
— Share-based payment	–	–	–	50,643	–	–	–	50,643
— Recognition of financial instruments with preferred rights at amortised cost *(Note 34)*	(6,769,257)	–	–	–	–	–	–	–
— Derecognition of derivative financial liabilities	–	–	253,572	–	–	–	–	253,572
— Surplus reserve	–	–	–	–	2,252	–	–	2,252
— Financial assets at FVOCI	–	–	–	–	–	1	–	1
At 31 December 2021	(8,759,040)	–	9,129,152	221,551	2,269	1	–	9,352,973

The Group and the Company

		Reserve						
	Treasury stock	Share Premium	Capital reserves	Share-based payment reserves	Surplus Reserve	Financial assets at FVOCI	Foreign currency translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	(8,759,040)	–	9,129,152	221,551	2,269	1	–	9,352,973
— Capital contributions from series D1 investors *(Note 27)*	–	–	382,717	–	–	–	–	382,717
— Capital contributions from series D2 investors *(Note 27)*	–	–	736,005	–	–	–	–	736,005
— Capital contributions from series D3 investors *(Note 27)*	–	–	2,923,230	–	–	–	–	2,923,230
— Capital contributions from ESOP-Youwei & Taohan *(Note 27)*	–	–	64,074	–	–	–	–	64,074
— Capital contributions from ESOP-YingTong *(Note 27)*	–	–	262,116	–	–	–	–	262,116
— Share-based payment	–	–	–	231,823	–	–	–	231,823
— Recognition of financial instruments with preferred rights at amortised cost *(Note 34)*	(4,582,897)	–	–	–	–	–	–	–
– Derecognition of financial instruments with preferred rights at amortised cost *(Note 34)*	13,341,937	–	1,113,488	–	–	–	–	1,113,488
— Derecognition of derivative financial liabilities *(Note 35)*	–	–	1,456,050	–	–	–	–	1,456,050
— Surplus reserve	–	–	–	–	1,906	–	–	1,906
— Financial assets at FVOCI	–	–	–	–	–	(1)	–	(1)
— Foreign currency translation	–	–	–	–	–	–	127	127
At 31 December 2022	–	–	16,066,832	453,374	4,175	–	127	16,524,508

The Group and the Company

		Reserve						
	Treasury stock	Share Premium	Capital reserves	Share-based payment reserves	Surplus Reserve	Financial assets at FVOCI	Foreign currency translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	–	16,066,832	453,374	4,175	–	127	16,524,508
— Conversion into a joint stock company *(Note 27)*	–	4,667,000	(16,066,832)	–	–	–	–	(11,399,832)
— Capital contributions from Crossover investors *(Note 27)*	–	5,274,148	–	–	–	–	–	5,274,148
— Share-based payment	–	–	–	237,809	–	–	–	237,809
— Foreign currency translation	–	–	–	–	–	–	3,073	3,073
At 31 December 2023	–	9,941,148	–	691,183	4,175	–	3,200	10,639,706

(a) The Group recorded treasury stock to reflect the carrying amount of the financial instruments with preferred rights at the date of issuance of series B+, C, D1, D2 and D3 investors. Further details are described in Note 34.

(b) Concurrent with the Series D2 Investment, on 18 October 2021, Yichun Chuangye Investment No. 1 Centre (Limited Partnership) entered into an equity transfer agreement with Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. ("Ningbo Meishan"). Certain preferred rights were granted to Ningbo Meishan after the transfer. The Group recorded treasury stock to reflect the carrying amount of the financial instruments with preferred rights at the date of the transfer. Further details are described in Note 34.

(c) On 30 October 2022, upon termination of certain preferred rights of the Series B, B+, C and D Investors, all the treasury stock was derecognized and the difference between the derecognition of the financial instruments with preferred rights and the treasury stock was credited to the capital reserves. Further details are described in Note 34.

29 SHARE-BASED PAYMENT

(a) Share transfer among shareholders and capital injection from shareholders

The Company relies on an independent valuer to assess and determine the fair value of the share transfer among shareholders. The difference between the fair value per unit capital of the Company and the cash considerations is recognized in profit or loss with a corresponding increase in equity.

On 25 September 2017, in accordance with the resolution of the Board of Directors of the Company, Hongli Zhihui Group Co., Ltd., Wulian Fujia Information Technology Center (Limited Partnership) and Tibet Aojie New Energy Technology Co., Ltd entered into the share transfer agreement with Dr. Fang. Pursuant to the share transfer agreement, these three companies transferred RMB80,000,000 redistricted capital of the Company with fair value of approximately RMB5.50 per unit capital to Dr. Fang at cash considerations of RMB4.00 per unit capital. Approximately RMB119,683,000 of share-based payment expenses were recognized in administrative expenses for the year ended 31 December 2017 and credited to the equity. The fair value of the shares at transaction date, with an amount of approximately RMB5.50 per unit capital, was estimated by taking the market price of the Company's shares on that date.

On 29 October 2017, in accordance with the resolution of the Board of Directors of the Company, one of the Company's equity holder Beijing Yihuatong Technology Co., Ltd injected RMB30,00,000 to the Company at a unit capital of RMB4.34. The fair value of the shares at the date was approximately RMB5.50 per unit capital. Approximately RMB8,014,000 of share-based payment expenses were recognized in administrative expenses for the year ended 31 December 2017 and credited to the equity.

In October 2021, in accordance with the resolution of the Board of Directors of the Company, Series D1 lead investor 360 (Beijing) Private Fund Management Co., Ltd. injected RMB2,000,000,000 to the Company at a unit capital of RMB12.50, which is the same as the fair value of the unit capital at the date. Pursuant to the investment agreement, 360 (Beijing) Private Fund Management Co. was additionally granted a warrant to subscribe for an additional registered capital in the Company in the amount of not more than RMB2,000,000,000. The fair value of the warrant is RMB196,523,000 at transaction date and RMB196,523,000 share-based payment expenses were recognized in administrative expenses for the year ended 31 December 2021.

	Key assumptions
Risk-free interest rate	1.99%-2.96%
Volatility	50.59%-66.54%
Dividend yield	0%

(b) Share award schemes

Share-based compensation benefits are provided to certain directors, senior management, employees and consultants via the Company's share incentive schemes, which includes the grant of RSUs and share options through Anyang Zhehui Enterprise Management Consulting Partnership (Limited Partnership) (安陽哲慧企業管理諮詢合夥企業(有限合夥)) ("Zhehui") Yichun Youwei Enterprise Management Consulting Partnership (Limited Partnership) (宜春優唯企業管理諮詢合夥企業(有限合夥)) ("Youwei"), Yichun Taohan Enterprise Management Consulting Partnership (Limited Partnership) (宜春濤瀚企業管理諮詢合夥企業(有限合夥)) ("Taohan") and Yichun Yingtong Enterprise Management Consulting Center (Limited Partnership) (宜春濤瀚企業管理諮詢合夥企業(有限合夥)) ("YingTong").

Share award schemes-Zhehui

On 13 September 2017, the Company issued 15,000,000 paid-in capital of RMB1.00 to Zhehui at a price of RMB2.0 per share under the 2017 employee share plan. Under the plan, 167 eligible employees (the "Grantees" or the "Actual holder") were granted RSUs through shareholding agreement at the price of RMB2.0 per RSU. Under this agreement, 40%-60% of RSUs will vest when the Company's shares get listed on the stock exchange and the remaining 60%-40% of RSUs will vest in one year after the Company's shares get listed on the stock exchange. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited and purchased back by general partner ("GP") at the price that the employees initially paid.

In 2021, 47,000 RSUs are forfeited and repurchased by GP, which is treated as a share-based compensation to GP based on the fair value of shares on the repurchase date.

In 2019, additional 15 eligible employees were granted 2,065,000 RSUs from Zhehui at the price of RMB2.0 per RSU. Under this agreement, 40%-60% of RSUs will vest when the Company's shares get listed on the stock exchange and the remaining 60%-40% of RSUs will vest in one year after the Company's shares get listed on the stock exchange. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited and purchased back by general partner ("GP") at the price that the employees initially paid.

Forfeited shares before the Company's shares get listed on the stock exchange are purchased back by GP, at the price that the employees initially paid.

Share award schemes-Youwei & Taohan

On 21 May 2019, the Company issued 69,532,633 paid-in capital of RMB1.00 to Youwei & Taohan at a price of RMB2.00 per share under the 2019 employee share plan ("2019 Share Incentive Plan"). Under the plan, in 2019, 59 eligible employees were granted 19,842,800 RSUs at the price of RMB2.0 per RSU and 46,299,800 share options through Youwei & Taohan. The exercise price of share options is RMB2.0, and certain non-market performance conditions are attached to the exercise of share options.

In 2020, 5 eligible employees were granted 1,290,000 RSUs at the price of RMB2.0 per RSU and 3,010,000 share options through Youwei & Taohan. The exercise price of share options is RMB2.0 and certain non-market performance conditions are attached to the exercise of share options.

In 2021, additional 79 eligible employees were granted 7,200,000 RSUs and 910,000 share options at the price of RMB2.0 per share through Youwei & Taohan. The exercise price of share options is RMB2.0 and certain non-market performance conditions are attached to the exercise of share options.

In 2022, additional 1 eligible employee was granted 3,090,000 RSUs at the price of RMB2.0 per share through Youwei & Taohan.

In 2020 and 2021, the management has modified the vesting conditions by eliminating all non-market performance conditions attached to the share options granted. Vesting condition modifications have been taken into account in the number of equity instruments expected to vest estimation.

RSUs and share options will vest in one year after the Company's shares get listed on the stock exchange. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited and purchased back by GP, at the price that the employees initially paid.

In 2023, 590,000 shares and 210,000 share options are forfeited and repurchased by GP, which is treated as a share-based compensation to GP based on the fair value of shares on the repurchase date.

Share award schemes-YingTong

On 5 November 2021, the Company issued 87,993,809 paid-in capital of RMB1.0 to YingTong at a price of RMB3.88 per share under the 2022 employee share plan. Under the plan, 606 eligible employees were granted 75,411,000 RSUs at the price of RMB3.6 to RMB4.5 per RSU through YingTong, of which non-market several performance conditions were attached to half of the RSUs.

In 2022, additional 140 eligible employees were granted 12,673,000 RSUs at the price of RMB3.6 to RMB4.5 per RSU through YingTong, of which several non-market performance conditions were attached to half of the RSUs.

All above non-market performance conditions are met. 40%-60% of RSUs will vest when the Company's shares get listed on the stock exchange and the remaining 60%-40% of RSUs will vest in one year after the Company's shares get listed on the stock exchange. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited and purchased back by GP, at the price that the employees initially paid.

In 2022 and 2023, 90,000 RSUs and 3,156,000 RSUs were forfeited and repurchased by GP for the next grant to other eligible employees.

Set out below are the movement in the number of awarded shares under the share award schemes during the Track Record Period:

RSU

	Year ended 31 December		
	2021	**2022**	**2023**
	Number of shares awarded	**Number of shares awarded**	**Number of shares awarded**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of the year	32,562	115,173	130,846
Granted — restricted stock unit	82,658	15,763	590
Forfeited	(47)	(90)	(3,746)
At the end of the year	115,173	130,846	127,690

Option

	Year ended 31 December		
	2021	**2022**	**2023**
	Number of options awarded	**Number of options awarded**	**Number of options awarded**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of the year	40,770	41,680	41,680
Granted — share option	910	–	210
Forfeited	–	–	(210)
At the end of the year	41,680	41,680	41,680

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the years as part of employee benefit expenses were as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Share-based payment expenses	50,643	231,823	237,809

The Group has applied back-solve method and discounted cash flow method to determine the fair value of the underlying shares of RMB5.50 per share and RMB4.45 per share under the Share award schemes-Zhehui, RMB4.45 to RMB10.55 per share based on different grant date under the Share award schemes-Youwei & Taohan and RMB11.29 to RMB11.91 per share based on different grant date under the Share award schemes-YingTong. Best estimates of key assumptions, such as discount rate and projections of future performance, are required to be determined by management.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Group's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

Share award schemes-Zhehui	
Discount rate	24.0%
Risk-free interest rate	Not applicable
Share award schemes-Youwei & Taohan	
Discount rate	21.0%~24.0%
Risk-free interest rate	2.8%~3.2%
Share award schemes-YingTong	
Discount rate	21.0%
Risk-free interest rate	2.5%~2.9%

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on management's best estimation. The value of share option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

Exercise price	2.00
Expected volatility	50.59%~66.54%
Risk-free rate	1.99%~2.96%
Expected dividend yield	0.00%

30 BORROWINGS

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Non-current			
Loans from related parties *(a) (Note 38)*	388,771	578,095	668,799
Bank borrowings, secured *(b)*	117,350	147,710	414,139
Bank borrowings, unsecured *(c)*	–	90,000	–
Other borrowings, secured *(d)*	11,609	224,103	357,379
	517,730	1,039,908	1,440,317

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current			
Loans from related parties *(a) (Note 38)*	–	–	315,527
Bank borrowings, unsecured *(e)*	115,000	100,000	–
Bank borrowings, secured *(f)*	615,600	1,377,997	2,441,029
Other borrowings, unsecured *(g)*	129,900	1,318,467	300,000
Other borrowings, secured *(h)*	–	552,203	409,137
Current portion of long-term borrowings *(b) (c) (d)*	118,692	569,868	844,613
Interest payables	2,021	7,723	6,693
	981,213	3,926,258	4,316,999
Total borrowings	1,498,943	4,966,166	5,757,316

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Non-current			
Loans from related parties *(a)*	388,771	578,095	668,799
Bank borrowings, secured *(b)*	–	40,000	90,000
Bank borrowings, unsecured *(c)*	–	90,000	–
Other borrowings, secured *(d)*	–	50,000	–
	388,771	758,095	758,799
Current			
Loans from related parties *(a)*	–	–	315,527
Bank borrowings, unsecured and unguaranteed *(e)*	115,000	100,000	–
Bank borrowings, secured *(f)*	128,600	–	400,000
Other borrowings, unsecured *(g)*	129,900	200,000	–
Other borrowings, secured *(h)*	–	–	324,389
Current portion of long-term borrowings *(b) (c) (d)*	–	60,000	140,000
Interest payables	1,063	1,597	2,046
	374,563	361,597	1,181,962
Total borrowings	763,334	1,119,692	1,940,761

(a) As at 31 December 2021 and 2022 and 2023, the Group had the long-term loans from related party Yichun Venture Capital Co., Ltd with the total amount of approximately RMB388,771,000, RMB578,095,000 and RMB668,799,000 respectively. The related party borrowings will be due in April 2027, bearing fixed interest rate of 6.80%. As at 31 December 2022 and 2023, the Group's property, plant and equipment with carrying value of RMB75,151,000 and RMB624,268,000 was pledged as security for the borrowings.

As at 31 December 2023, the Group had short-term supply chain financing arrangements amounted to RMB315,527,000 with Nanning Production and Investment Supply Chain Financing Technology Co., Ltd. and Yichun Chuangtong Supply Chain Service Co., Ltd. Inventories with carrying value of RMB290,781,000 were pledged as security for the aforementioned arrangements.

(b) As at 31 December 2021 and 2022 and 2023, the Group had long-term bank borrowings with total amount of approximately RMB230,000,000, RMB379,490,000 and RMB734,360,000 respectively. As at 31 December 2021 and 2022 and 2023, Borrowings of approximately RMB112,650,000, RMB231,780,000 and RMB410,321,000 respectively will be due within one year from the respective balance sheet date.

As at 31 December 2021, borrowings of approximately RMB200,000,000 were secured by security deposits of RMB10,000,000 (Note 26(b)(c)) and the package of receivables under finance lease arrangement with total carrying value of RMB216,642,000 (Note 17) with the interest rate of 5.75%. Borrowing of approximately RMB30,000,000 were secured by the subsidiaries of the Group.

As at 31 December 2022, borrowings of approximately RMB319,530,000 were secured by security deposit of RMB27,147,000 (Note 26 (b)) and the package of receivables under finance lease arrangement with total carrying value of RMB370,055,000 (Note 17) with the interest rated ranged from 5.75% to 6%. All of the aforementioned bank borrowings were secured by the subsidiaries of the Group.

As at 31 December 2023, borrowings of approximately RMB632,000,000 were secured by security deposit of RMB31,600,000 (Note 26 (b)) and the package of finance lease receivables with total carrying value of RMB882,456,000 (Note 17) with the interest rated ranged from 5.45% to 6%. The aforementioned bank borrowings were secured by the subsidiaries of the Group.

(c) As at 31 December 2021, the Group had no unsecured long-term borrowing. As at 31 December 2022, the Group had an unsecured long-term borrowing of RMB100,000,000 at floating interest rate of 3.8%, RMB10,000,000 of which was due in 2023 and the rest RMB90,000,000 will be due in 2024.

(d) As at 31 December 2021, the Group had a three-years borrowing with a total amount of RMB17,651,000 with a finance leasing company, obtained through sales and leaseback arrangement, whereby certain inventories of the Group with carrying value of RMB28,685,000 (Note 14(b)) were sold and leased back over a 36-month lease term. The Group had the option to re-acquire the vehicles upon the completion of the leases at an insignificant nominal value. During such lease term and before the exercise of the completion repurchase options, ownership of such vehicles were transferred to the financial leasing company as security for the borrowings. The long-term borrowing had an effective interest rate of 10.66% per annum. As at 31 December 2021, RMB6,042,000 of the aforementioned borrowings was due in one year and recognized in current portion of long-term borrowings.

As at 31 December 2022, the Group had eight long-term borrowings, the period of which were ranged from one to three years, with total amounts of approximately RMB552,191,000 with finance leasing companies, obtained through sales-leaseback arrangements. During such lease term, ownership of equipment with carrying value of RMB146,581,000, inventories with carrying value of RMB21,956,000, receivables under finance lease arrangement with carrying value of RMB430,507,000 were transferred to the finance leasing companies and security deposits with total amounts of RMB23,025,000 were paid as security for the leases. The effective interest rates of the aforementioned borrowings ranged from 4.53% to 9.56% per annum. As at 31 December 2022, RMB328,089,000 will be due in one year and was recognized in current portion of long-term borrowings.

As at 31 December 2023, the balance of long-term borrowings with finance leasing companies, obtained through sales-leaseback arrangements is RMB181,093,000. During such lease term, ownership of equipment with carrying value of RMB130,142,000, receivables under finance lease arrangement with carrying value of RMB171,383,000 were transferred to the finance leasing companies and security deposits with total amounts of RMB21,855,000 were paid as security for the leases. As at 31 December 2023, RMB152,590,000 will be due in one year and was recognized in current portion of long-term borrowings.

As at 31 December 2023, the Group had four long-term borrowings through factoring with total amount of approximately RMB64,064,000 with a finance leasing company. During such factoring period, security deposit of RMB72,696,000 was required.

As at 31 December 2023, The Group made repurchase commitments to certain financial institutions. As at 31 December 2023, the balance is RMB532,927,000 (Note(d)) and RMB217,637,000 will be due in one year.

(e) As at 31 December 2021 and 2022, the effective interest rate of the Group's short-term unsecured and unguaranteed borrowing with the amount of RMB115,000,000 and RMB100,000,000 ranged from 3.70% to 4.44% per annum.

(f) As at 31 December 2021, borrowings of RMB40,000,000 were secured by land-use right and property, plant and equipment with the fixed interest rate of 5%, the carrying value of which were RMB31,112,000 and 31,221,000 respectively (Note 14(a), Note 16). Borrowings of RMB40,000,000 were secured by security deposit pledge of RMB40,000,000 (Note 26(b)), land-use right and property, plant and equipment with the carrying value of RMB31,112,000 and RMB58,033,000 respectively (Note 14(a), Note 16). Borrowings of RMB35,000,000, RMB5,000,000 and RMB20,000,000 were guaranteed by the Shanghai Municipal Policy Financing Guarantee Fund Management Center for SMEs which is a third-party company specializing in financing guarantee business, Yichun City Financing Guarantee Co., Ltd which is solely funded by the Yichun City Finance Bureau, and Nanning Nanfang Financing Guarantee Co., Ltd which is a third-party company specializing in financing guarantee business respectively. The rest of the undue borrowings were guaranteed by the subsidiaries of the Group with the interest rates ranged from 4% to 6% per annum.

As at 31 December 2022, the secured borrowing of RMB300,000,000 was pledged by security deposit of RMB309,000,000 (Note 26(b)) with fixed interest rate of 3.6%. The rest of the undue borrowings of RMB1,077,977,000 were guaranteed by the subsidiaries of the Group with the fixed interest rates ranged from 3.1% to 6% per annum.

As at 31 December 2023, the secured borrowing of RMB298,500,000 was pledged by security deposit of RMB309,000,000 (Note 26(b)) with fixed interest rate of 3.65% and 3.9%. The rest of the undue borrowings of RMB2,142,629,000 were guaranteed by the subsidiaries of the Group with the fixed interest rates ranged from 2.9% to 6% per annum.

(g) Other current borrowings arise from discount of certain bills receivable before maturity, which cannot be derecognised due to the retention of risks and rewards.

(h) As at 31 December 2022, the Group had six short-term borrowings, the period of which were from 6 to 12 months, with total amount of approximately RMB525,100,000 with finance leasing companies, obtained through sales-leaseback arrangements. During such lease term, ownership of receivables under finance lease arrangement of RMB518,865,000 (Note 17) were transferred to the finance leasing company and security deposits with total amount of RMB27,183,000 (Note 24) were paid as security for the leases. The effective interest rates of the aforementioned borrowings ranged from 4.47% to 5.30% per annum.

As at 31 December 2022, the Group had a one-year borrowings through factoring of approximately RMB27,103,000 with a finance leasing company. During such factoring period, security deposit of RMB1,897,000 and warrant from subsidiaries of the Group are required. The effective interest rate of the aforementioned borrowings was 5.35% per annum.

As at 31 December 2023, the group had a short-term asset-backed notes of RMB84,748,000. The balance of supply chain financing arrangement amounted to RMB180,821,000 was pledged by security deposits with total amount of RMB18,082,000 (Note 24).

The balance of supply chain financing arrangement amounted to RMB143,569,000 was pledged by government subsidies receivables for promotion of new energy vehicles amounted to RMB155,000,000 (Note 23).

(i) As at 31 December 2021, 2022 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Less than 6 months	644,431	2,440,663	3,721,289
Between 6 and 12 months	334,761	1,477,872	589,017
Between 1 and 2 years	115,268	368,827	612,048
Between 2 and 5 years	13,691	671,081	828,269
More than 5 years	388,771	–	–
	1,496,922	4,958,443	5,750,623

(j) The fair values of current borrowings equal to their carrying amount as the discounting impact is not significant.

The fair values of non-current borrowings as at 31 December 2021, 2022 and 2023 were disclosed as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Non-current borrowings	626,195	1,086,170	1,504,287

(k) As at 31 December 2021, 2022 and 2023, the Group has the following undrawn banking facilities:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
RMB facilities	1,279,400	1,666,426	4,057,947

31 TRADE AND BILL PAYABLES

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Trade payables			
— Due to related parties *(Note 38)*	131,038	341,946	22,290
— Payables for materials	2,373,992	4,929,254	4,325,909
— Payables for freight expenses	27,584	46,129	88,283
— Others	8,766	34,778	43,650
Bills payables			
— Payables for materials	454,838	1,393,778	1,745,755
	2,996,218	6,745,885	6,225,887

(a) The bills payables have maturity terms ranging from 1 to 12 months and the issuance of these bills payables are guaranteed by certain restricted cash (Note 26).

(b) The carrying amounts of trade and bills payables approximate their fair values due to their short-term maturity in nature.

(c) At 31 December 2021, 2022 and 2023, the aging analysis of the Group's trade and bills payables, based on invoice date, is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Up to 6 months	2,912,256	6,592,352	5,476,480
6 months to 1 year	48,283	104,840	492,110
1 to 2 years	24,475	34,760	227,162
2 to 3 years	9,990	3,781	27,184
Over 3 years	1,214	10,152	2,951
	2,996,218	6,745,885	6,225,887

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Trade payables			
— Due to subsidiaries and related parties	71,394	1,128,226	1,733,853
— Payables for materials	1,269,833	4,241,821	4,541,489
— Payables for freight expenses	16,735	29,363	34,735
— Others	729	1,164	3,156
Bills payables			
— Payables for materials	910,388	2,343,385	1,238,457
	2,269,079	7,743,959	7,551,690

At 31 December 2021, 2022 and 2023, the aging analysis of the Company's trade and bills payables, based on invoice date, is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Up to 6 months	2,208,765	7,634,798	7,256,024
6 months to 1 year	21,100	63,017	279,351
1 to 2 years	28,010	32,264	5,397
2 to 3 years	9,990	3,728	8,026
Over 3 years	1,214	10,152	2,892
	2,269,079	7,743,959	7,551,690

32 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current			
Due to related parties *(Note 38)*	455	2,877	8,408
Payables for purchases of property, plant and equipment	357,418	288,000	257,973
Accrued expenses			
— Advertising and publicity expenses	179,720	309,329	655,745
— Rebate payables	228,229	421,595	132,071
— Freight expenses	999	18,638	103,263
Payroll and welfare payables	279,025	501,640	406,540
Payables for design and development services	19,115	277,374	209,929
Deposit from suppliers	135,153	328,559	223,765
Professional service fee	2,262	5,336	9,952
Other taxes payable	29,656	14,113	66,015
Advance from equity investors *(a)*	–	3,000,000	–
Other current liabilities	2,258,946	4,759,928	2,555,347
Others	51,618	127,917	242,674
	3,542,596	10,055,306	4,871,682

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current			
Due to subsidiaries and related parties	1,003,183	31,255	17,501
Payables for purchases of property, plant and equipment	210,197	168,071	214,707
Accrued expenses			
— Advertising and publicity expenses	152,832	266,173	390,489
— Freight expenses	522	9,821	76,803
Payroll and welfare payables	135,399	233,896	291,815
Payables for design and development services	19,115	275,666	206,855
Deposit from suppliers	7,367	19,885	17,952
Professional service fee	2,262	5,336	9,952
Other taxes payable	20,001	11,956	13,682
Advance from equity investors *(a)*	–	3,000,000	–
Other current liabilities	869,129	1,853,518	341,965
Others	20,792	40,791	100,646
	2,440,799	5,916,368	1,682,367

(a) Advance from equity investors represents the consideration received in advance by the Company from series Crossover equity investors in 2022. (Note 27).

(b) Other payables and accruals are denominated in RMB.

33 PROVISIONS

The Group and the Company

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Non-current			
Warranty provisions	24,693	61,731	75,171
Current			
Warranty provisions	16,315	48,143	76,817
	41,008	109,874	151,988

Warranty provisions are made for estimated warranty claims for certain years or mileage, whichever reached first, in respect of products that were sold and still under warranty period at the end of each reporting period. These claims are expected to be settled in the future years. The Group provides warranties for certain vehicle products and undertakes the obligation to repair or replace items that fail to perform satisfactorily. The amount of provisions for product warranties is estimated based on the sales volume and industry experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

The movements in each class of provision during the financial year are set out below:

	Warranties
	RMB'000
As at 1 January 2021	14,999
Provision during the year *(Note 8)*	37,809
Amounts utilized during the year	(11,800)
As at 31 December 2021	41,008
As at 1 January 2022	41,008
Provision during the year *(Note 8)*	117,125
Amounts utilized during the year	(48,259)
As at 31 December 2022	109,874
As at 1 January 2023	109,874
Provision during the year *(Note 8)*	120,414
Amounts utilized during the year	(78,300)
As at 31 December 2023	151,988

34 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

The Group and the Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial instruments with redemption rights	9,189,070	–	–

The financial instruments with preferred rights represent the paid-in capital of the Company with certain preferred rights including the redemption rights, anti-dilution rights and liquidation preferences held by certain investors. Significant terms of the preferred rights that impacted the accounting treatment of the Company are outlined below.

(a) Series B Investment — Yichun Chuangyuan Huihe Investment Centre (Limited Partnership) ("Yichun Chuangyuan")

In 2019, the Company entered into investment agreements with one of the Series B investors, Yichun Chuangyuan, pursuant to which, Yichun Chuangyuan injected capital of RMB496,000 in the Company to acquire approximately RMB98,538,000 of the registered capital. Yichun Chuangyuan investor was granted certain preferred rights upon capital contribution, including liquidation preferences and anti-dilution right.

According to the agreements, in the event of the liquidation of the Company, a change of control of the Company, or all or substantially all assets of the target company are sold, leased, transferred, exclusively licensed or otherwise deemed liquidated, Yichun Chuangyuan has the right to obtain priority settlement, until Yichun Chuangyuan recovers the investment amount plus per annum interest of 7% calculated on a simple interest basis and the sum of dividends that are entitled but not yet received.

(b) Series B+ Investment

In 2020, the Company entered into investment agreement with Series B+ investor. Series B+ investor was granted certain preferred rights upon capital contribution, including redemption rights and anti-dilution right.

According to the agreements, the Series B+ Investment shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including Qualified IPO has not been consummated by the 7th anniversary after completion of the Investment. The Series B+ investor shall be entitled to receive the redemption amount equal to the original investment amount plus per annum interest of 8% calculated on a simple basis less the dividend actually paid by the Company.

(c) Series C Investment

In 2021, the Company entered into investment agreement with Series C investor. Series C investor were granted certain preferred rights upon capital contribution, including redemption rights and anti-dilution right.

According to the agreements, the Series C Investment shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including Qualified IPO has not been consummated by the 7th anniversary after completion the Investment. The Series B+ investor shall be entitled to receive the redemption amount at a price that ensures an 8% internal rate of return on a simple basis.

(d) Series D1, D2, D3 investors, Ningbo Meishan and Chengdu Hongjing Technology Co., Ltd. ("Chengdu Hongjing")

In 2021 and 2022, the Company entered into investment agreements with Series D1, D2 and D3 investors. The details of the investment are described in Note 27. Series D1, D2 and D3 investors were granted certain preferred rights upon capital contribution, including redemption rights, anti-dilution right and liquidation preferences.

On September 14, 2021, Nanning Minsheng New Energy Industry Investment Partnership (Limited Partnership) and Chengdu Hongjing entered into an equity transfer agreement, pursuant to which Nanning Fund transferred its nil-paid 10.69% equity interest in the Company, representing RMB178,798,199.91 of nil-paid registered capital of the Company, to Chengdu Hongjing at nil-consideration. After the transfer, certain preferred rights including redemption rights, anti-dilution right and deemed liquidation preferences were granted to Chengdu Hongjing.

Concurrent with the Series D2 Investment, on October 18, 2021, Yichun Chuangye Investment No. 1 Centre (Limited Partnership) entered into an equity transfer agreement with Ningbo Meishan. Certain preferred rights including redemption rights, anti-dilution right and liquidation preferences were granted to Ningbo Meishan after the transfer.

The key preferred rights of Series D1, D2, D3 investors, Ningbo Meishan and Chengdu Hongjing (collectively, the "Series D Investors") investments (the "Series D Investments") are summarized as follows.

(i) Redemption rights

The Investment shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including Qualified IPO has not been consummated by the 5th anniversary after completion the Investment.

The Investors shall be entitled to receive the redemption amount equal to the higher of (i) the original investment amount plus per annum interest of 8% calculated on a simple basis and (ii) the fair market value of the equity of the Company actually held by the Investor at that time.

(ii) Anti-dilution right

Should the Company subsequently issue equity interests to new investors at a price lower than the initial investments paid by the Series D Investors, the Series D Investors has the right to require the Company to adjust the equity ratio of the current round of investors by issuing additional registered capital at the lowest price permitted by law according to the unit price of the new issuance, so that the initial subscription unit price paid by the current round of investors is not higher than the unit price of the new issuance.

The Company recognized the above financial instruments with preferred rights as financial liabilities considering that triggering events for the deemed liquidation or the key redemption rights that could be exercised by the investors, are out of the control of the Company and these financial instruments do not meet the definition of equity for the Company. The financial liabilities are initially measured at fair value and subsequently measured at amortized cost. The fair value for initial recognition represents the present value of the amount expected to be paid to the investors upon redemption which is assumed at the dates of issuance of the financial instruments. Interests from the financial instruments are charged to finance cost.

The directors of the Company considered that the fair value of the anti-dilution right was immaterial and therefore no derivative financial liability was recognized by the Company.

The movements of financial instruments with preferred rights at amortized cost for the years ended 31 December 2021, 2022 and 2023 were as follows:

	Financial instruments with preferred rights at amortized cost
	RMB'000
As at 1 January 2021	2,102,205
Recognition of financial instruments with preferred rights at amortized cost *(Note 28)*	6,769,257
Charged to finance costs *(Note 9)*	317,608
As at 31 December 2021	9,189,070

	Financial instruments with preferred rights at amortized cost
	RMB'000
As at 1 January 2022	9,189,070
Recognition of financial instruments with preferred rights at amortized cost *(Note 28)*	4,582,897
Charged to finance costs *(Note 9)*	683,458
Derecognition of financial instruments with preferred rights at amortized cost *(i)*	(14,455,425)
As at 31 December 2022 and 31 December 2023	–

(i) Termination of preferred rights

On 31 October 2022, pursuant to the investment agreements signed between the Company and all of the investors, the redemption rights and deemed liquidation preferences were terminated. Accordingly, the financial liabilities were derecognized upon the termination of the terms and recorded in equity.

35 DERIVATIVE FINANCIAL LIABILITIES

The Group and the Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss — HuaDing Warrant *(a)*	1,192,535	–	–
Financial liabilities at fair value through profit or loss — 360 Warrant *(b)*	159,830	–	–
	1,352,365	–	–

Amount recognized in profit or loss is set out below:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Fair value gains/(losses) — net *(Note 7)*			
— realized	3,076	(103,685)	–
— unrealized	(924,709)	–	–
	(921,633)	(103,685)	–

(a) HuaDing Warrant derivative financial liability

Pursuant to the series C investor agreement, series C investor was granted a warrant to subscribe for an additional registered capital in the Company in the amount of not more than RMB2 billion on the same terms as the series C investment ("HuaDing Warrant"). The Company classified the HuaDing Warrant as derivative financial liabilities and initially recognised and subsequently measured at fair value. On 31 October 2022, pursuant to the investment agreements signed between the Company and all of the investors, the HuaDing Warrant were terminated. Accordingly, the derivative financial liability were derecognised upon the termination of the terms and recorded in equity (Note 27(b)).

(b) 360 Warrant derivative financial liability

Pursuant to the series D investment agreement (Note 27), 360 (Beijing) Private Fund Management Co., Ltd. was granted a warrant to subscribe for an additional registered capital in the Company in the amount of not more than RMB2 billion on the same terms as the series D investment ("360 Warrant"). The Company classified the 360 Warrant as derivative financial liabilities and initially recognised and subsequently measured at fair value. On 31 October 2022, pursuant to the investment agreements signed between the Company and all of the investors, the 360 Warrant were terminated. Accordingly, the derivative financial liability was derecognised upon the termination of the terms and recorded in equity.

36 CASH GENERATED FROM OPERATIONS

(a) Reconciliation of loss before income tax to net cash used in operations

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss before income tax	(4,831,726)	(6,644,174)	(6,860,904)
Adjustment for:			
Depreciation of property, plant and equipment *(Note 14)*	265,434	371,390	517,850
Depreciation of right-of-use assets *(Note 15)*	55,088	158,347	216,837
Amortisation of intangible assets *(Note 16)*	94,239	96,694	327,006
Provision *(Note 33)*	26,009	68,866	42,114
Net losses on disposal of property, plant and equipment *(Note 7)*	1,230	644	19,284
Share-based payment *(Note 29)*	50,643	231,823	237,809
Provision against inventories	122,958	314,325	(269,537)
Impairment loss on financial assets *(Note 3)*	14,863	38,275	204,634
Initial recognition cost of derivative financial liabilities *(Note 8)*	196,523	–	–
Net fair value losses on derivative financial liabilities *(Note 7)*	921,633	103,685	–
Net fair value gains on financial assets at FVPL *(Note 7)*	–	(4,812)	(1,296)
Interest expense	352,887	838,668	270,052
Interest income from cash at bank	(17,799)	(85,127)	(94,830)
Share of profit of associates accounted for using the equity method *(Note 19)*	(895)	(997)	(328)
Government grants *(Note 6)*	155,315	125,829	167,199
Net foreign exchange losses *(Note 7)*	(18)	(22,723)	(1,483)

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Changes in working capital:			
Inventories *(Note 22)*	(696,047)	(2,374,921)	1,210,864
Trade and bill receivables *(Note 23)*	(798,079)	(1,408,301)	(49,806)
(Increase)/decrease in financial assets at fair value through other comprehensive income *(Note 25)*	(21,830)	23,330	(82,570)
Prepayments and other receivables *(Note 24)*	(1,270,771)	(1,010,922)	390,226
Contract assets *(Note 5)*	(43,592)	(31,009)	(229,760)
Restricted cash *(Note 26)*	(1,710,528)	(2,140,452)	1,787,073
Trade and bills payable *(Note 31)*	1,892,017	3,749,667	119,917
Other payables and accruals *(Note 32)*	2,458,868	3,592,896	(2,064,120)
Receivables under finance lease arrangement *(Note 17)*	(616,816)	(1,630,893)	(208,950)
Contract liabilities *(Note 5)*	392,053	174,319	(90,599)
Cash used in operations	(3,008,341)	(5,465,573)	(4,443,318)

(b) Major non-cash investing and financing activities

Major non-cash investing and financing activities disclosed in other notes are:

- additions to right-of-use assets in respect of leased buildings (Note 15)
- recognition and derecognition of financial instruments with preferred rights at amortized cost (Note 34)
- Derecognition of derivative financial liabilities (Note 35)

(c) Net debt reconciliation

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents *(Note 26)*	3,605,708	6,757,486	2,836,595
Restricted cash *(Note 26)*	2,291,032	4,770,616	2,968,194
Financial assets at fair value through profit or loss *(Note 25)*	50,000	419,900	157,335
Financial instruments with preferred rights at amortized cost *(Note 34)*	(9,189,070)	–	–
Derivative financial instruments *(Note 35)*	(1,352,365)	–	–
Borrowings *(Note 30)*	(1,498,943)	(4,966,166)	(5,757,316)
Lease liabilities *(Note 15)*	(158,419)	(790,915)	(830,089)
Net (debt)/cash	(6,252,057)	6,190,921	(625,281)

	Other assets			Liabilities from financing activities				
	Cash and cash equivalents	Restricted cash	Financial assets at fair value through profit or loss	Financial instruments with preferred rights at amortized cost	Derivative financial instruments	Lease liabilities	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2021	211,553	530,504	–	(2,102,205)	(256,648)	(34,405)	(489,847)	(2,141,048)
Cash flows	3,394,185	1,760,528	50,000	–	(231,133)	71,910	(957,351)	4,088,139
Interest expenses	–	–	–	(317,608)	–	(5,430)	(51,745)	(374,783)
Recognition of derivative financial instruments	–	–	–	–	(196,523)	–	–	(196,523)
Derecognition of derivative financial instruments	–	–	–	–	253,572	–	–	253,572
Changes in fair value recognized in profit or loss	–	–	–	–	(921,633)	–	–	(921,633)
Increase of right-of-use assets	–	–	–	–	–	(190,907)	–	(190,907)
Disposals of right-of-use assets	–	–	–	–	–	413	–	413
Recognition of financial instruments with preferred rights *(Note 34)*	–	–	–	(6,769,257)	–	–	–	(6,769,257)
Foreign exchange adjustments	(30)	–	–	–	–	–	–	(30)
Net debt as at 31 December 2021	3,605,708	2,291,032	50,000	(9,189,070)	(1,352,365)	(158,419)	(1,498,943)	(6,252,057)
Net debt as at 31 December 2021	3,605,708	2,291,032	50,000	(9,189,070)	(1,352,365)	(158,419)	(1,498,943)	(6,252,057)
Cash flows	3,151,405	2,479,584	365,088	–	–	150,889	(3,327,083)	2,819,883
Interest expenses	–	–	–	(683,458)	–	(20,755)	(140,140)	(844,353)
Changes in fair value recognized in profit or loss	–	–	4,812	–	(103,685)	–	–	(98,873)
Derecognition of derivative financial instruments	–	–	–	–	1,456,050	–	–	1,456,050
Increase of right-of-use assets	–	–	–	–	–	(762,630)	–	(762,630)

	Other assets			Liabilities from financing activities				
	Cash and cash equivalents	Restricted cash	Financial assets at fair value through profit or loss	Financial instruments with preferred rights at amortized cost	Derivative financial instruments	Lease liabilities	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recognition of financial instruments with preferred rights *(Note 34)*	–	–	–	(4,582,897)	–	–	–	(4,582,897)
Derecognition of financial instruments with preferred rights at amortized cost *(Note 34)*	–	–	–	14,455,425	–	–	–	14,455,425
Foreign exchange adjustments	373	–	–	–	–	–	–	373
Net debt as at 31 December 2022	6,757,486	4,770,616	419,900	–	–	(790,915)	(4,966,166)	6,190,921
Net debt as at 31 December 2022	6,757,486	4,770,616	419,900	–	–	(790,915)	(4,966,166)	6,190,921
Cash flows	(3,924,042)	(1,802,422)	(263,861)	–	–	218,872	(577,280)	(6,348,733)
Interest expenses	–	–	–	–	–	(56,182)	(213,870)	(270,052)
Changes in fair value recognized in profit or loss	–	–	1,296	–	–	–	–	1,296
Increase of right-of-use assets	–	–	–	–	–	(201,864)	–	(201,864)
Foreign exchange adjustments	3,151	–	–	–	–	–	–	3,151
Net cash as at 31 December 2023	2,836,595	2,968,194	157,335	–	–	(830,089)	(5,757,316)	(625,281)

37 CAPITAL COMMITMENTS

The Group's capital commitments primarily relate to commitments on construction and purchase of production facilities, equipment and tooling and purchase of products of internet technology. Total capital commitments contracted but not yet reflected in the Historical Financial Information were as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
No more than 1 year			
Property, plant and equipment	170,810	183,363	413,833
Intangible assets	20,665	15,341	32,718
More than 1 year			
Property, plant and equipment	34,606	27,995	12,223
Intangible assets	12,517	632	–
	238,598	227,331	458,774

38 RELATED PARTY TRANSACTIONS

Dr. Fang was interested in and controlled, directly and indirectly, through the entities controlled by Dr. Fang and arrangements with the relevant investors, an aggregate of the voting power of the Company larger than 30% and controlled a majority of the votes of the Board during the Track Record Period. Thus, Dr. Fang was the controlling shareholder of the Company during the Track Record Period.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. The shareholders who have significant influence over the Group, directors, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group:

Name of related parties	Relationship with the Company
Dr. Fang 方運舟	Controlling shareholder
Shanghai Zheao Industrial Co., Ltd. 上海哲奧實業有限公司	A company controlled by controlling shareholder
Anhui Hongchuang New Energy Technology Co., Ltd. 安徽鴻創新能源動力有限公司	A company controlled by controlling shareholder
Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD 匯眾天下(江蘇)新能源科技有限公司	Associate of the Group
Huading Guolian Power Battery Co. LTD 華鼎國聯動力電池有限公司	Subsidiaries of a group which has a significant influence over the Company
Henan Derry Auto Sales Co., Ltd. 河南德力汽車銷售有限公司	A company controlled by a joint venture of the Group
Derry New Energy Automobile Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd) 德力新能源汽車有限公司(曾用名:河南德力新能源汽車有限公司)	A company controlled by a joint venture of the Group
Beijing ISC Conference Service Co., Ltd. 北京ISC會議服務有限公司	Subsidiaries of a group which has a significant influence over the Company

Name of related parties	Relationship with the Company
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd. 南寧產投新能源汽車園區建設開發有限責任公司	Subsidiaries of a group which has a significant influence over the Company
Nanning Industrial Park Development Co., Ltd. 南寧產投工業園區開發有限責任公司	Subsidiaries of a group which has a significant influence over the Company
Nanning Industrial Smart Invention Development Co., Ltd. (Previous name: Nanning Zhenning Development Co., Ltd.) 南寧產投智創發展有限責任公司(曾用名:南寧振寧開發有限責任公司)	Subsidiaries of a group which has a significant influence over the Company
Nanning Production and Investment New Energy Vehicle Technology Development Co., Ltd 南寧產投新能源汽車科技發展有限責任公司	Subsidiaries of a group which has a significant influence over the Company
Nanning Urban Construction Investment Group Co., Ltd. 南寧城市建設投資集團有限責任公司	Subsidiaries of a group which has a significant influence over the Company
Yichun Chuangtong Supply Chain Service Co., Ltd. (Previous name: Yichun Chuangtong Trading Co., Ltd.) 宜春創通供應鏈服務有限公司(曾用名:宜春創通貿易有限公司)	Subsidiaries of a group which has a significant influence over the Company
Beijing Sihai Technology Co., Ltd. 北京似海科技有限公司	Subsidiaries of a group which has a significant influence over the Company
360 Digital Security Technology Group Co., Ltd. (Previous name: Beijing Hongteng Technology Co., Ltd., Beijing Qihoo Hongteng Technology Co., Ltd. and Beijing Qihoo Ceteng Technology Co., Ltd.) 三六零數字安全科技集團有限公司(曾用名:北京鴻騰智能科技有限公司、北京奇虎鴻騰科技有限公司、北京奇虎測騰科技有限公司)	Subsidiaries of a group which has a significant influence over the Company
Beijing Hongxiang Technical Service Co., Ltd. (Previous name: Beijing Qihoo Technical Service Co., Ltd. and Beijing Xinfu Tianheng Technology Co., Ltd.) 北京鴻享技術服務有限公司(曾用名:北京奇虎技術服務有限公司、北京鑫富天恒科技有限公司)	Subsidiaries of a group which has a significant influence over the Company
Beijing Qihu Technology Co., Ltd. 北京奇虎科技有限公司	Subsidiaries of a group which has a significant influence over the Company
Nanning Industrial Investment Co., Ltd. 南寧產業投資集團有限責任公司	Subsidiaries of a group which has a significant influence over the Company
Tongxiang Zhe'ao Industrial Co., LTD 桐鄉哲奧科技有限責任公司	A company controlled by controlling shareholder
Henan Dechuang City Distribution Co., Ltd. 河南德創城市配送有限公司	A company controlled by a joint venture of the Group
Yichun Venture Capital Co., Ltd. 宜春市創業投資有限公司	Subsidiaries of a group which has a significant influence over the Company
Yichun Chuanghe New Energy Investment Co., Ltd 宜春市創合新能源投資有限公司	Subsidiaries of a group which has a significant influence over the Company
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd. 南寧產投鏈融科技有限責任公司(曾用名:南寧產投新能源汽車投資有限責任公司)	Subsidiaries of a group which has a significant influence over the Company
Derry (Huainan) New Energy Vehicle Sales Co., Ltd. (Previous name: Huainan Xinhui Neomor Vehicle Sales Co., Ltd.) 德力(淮南)新能源汽車銷售有限公司(曾用名:淮南鑫匯牛魔王汽車銷售有限公司)	A company controlled by a joint venture of the Group
Xinhui Niu Mo Wang (Shanghai) Automobile Sales Co., Ltd. 鑫匯牛魔王(上海)汽車銷售有限公司	A company controlled by a joint venture of the Group

(b) Transactions with related party

The Group

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	**RMB'000**	**RMB'000**
Sales of whole vehicles and parts			
Continuing			
Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD	110,658	456,046	272,986
Tongxiang Zhe'ao Industrial Co., LTD	–	2,558	10,580
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	283,276
	110,658	458,604	566,842
Discontinued			
Derry New Energy Automobile Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd.)	450	153	91
Dr. Fang	–	–	201
Xinhui Niu Mo Wang (Shanghai) Automobile Sales Co., Ltd.	–	–	143
	450	153	435
	111,108	458,757	567,277
Interest income			
Continuing			
Derry New Energy Automobile Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd.)	–	–	943
Purchases of raw materials and parts			
Continuing			
Huading Guolian Power Battery Co. LTD	449,192	746,745	5,712
Anhui Hongchuang New Energy Technology Co., Ltd.	206,300	28,232	39,611
	655,492	774,977	45,323
Purchases of services			
Discontinued			
Henan Dechuang City Distribution Co., Ltd.	914	–	–
Beijing Qihu Technology Co., Ltd.	613	–	755
360 Digital Security Technology Group Co., Ltd. (Previous name: Beijing Hongteng Technology Co., Ltd., Beijing Qihoo Hongteng Technology Co., Ltd. and Beijing Qihoo Ceteng Technology Co., Ltd.)	599	2,561	1,527
Beijing ISC Conference Service Co., Ltd.	–	17,677	–
Beijing Sihai Technology Co., Ltd.	–	4,528	1,712
Beijing Hongxiang Technical Service Co., Ltd. (Previous name: Beijing Qihoo Technology Co., Ltd. and Beijing Xinfu Tianheng Technology Co., Ltd.)	–	938	513
	2,126	25,704	4,507

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Purchases of whole vehicles			
Discontinued			
Derry (Huainan) New Energy Vehicle Sales Co., Ltd. (Previous name: Huainan Xinhui Neomor Vehicle Sales Co., Ltd.)	–	–	704
Charges of water and electricity			
Continuing			
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd.	–	11,774	24,633
Leases			
As lessors			
The lease income recognized with the Group:			
Discontinued			
Nanning Industrial Smart Invention Development Co., Ltd. (Previous name: Nanning Zhenning Development Co., Ltd.)	24	23	–
Nanning Production and Investment New Energy Vehicle Technology Development Co., Ltd	–	38	–
Nanning Industrial Park Development Co., Ltd.	–	11	46
	24	72	46
As lessees			
Lease payments for short-term leases and leases of low-value assets with simplified approach			
Continuing			
Nanning Urban Construction Investment Group Co., Ltd.	450	450	450
Nanning Industrial Investment Co., Ltd.	–	52	–
	450	502	450
Increase of right-of-use assets			
Continuing			
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd.	–	214,521	85,429
Interest expenses on lease liabilities			
Continued			
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd.	–	7,723	10,001

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Proceeds from borrowings from:			
Continuing			
Yichun Venture Capital Co., Ltd	379,951	189,324	90,704
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	1,085,742
Yichun Chuangtong Supply Chain Service Co., Ltd. (Previous name: Yichun Chuangtong Trading Co., Ltd.)	–	–	389,782
	379,951	189,324	1,566,228
Interest expense of borrowings:			
Continuing			
Yichun Venture Capital Co., Ltd	30,840	34,925	42,294
Yichun Chuangtong Supply Chain Service Co., Ltd. (Previous name: Yichun Chuangtong Trading Co., Ltd.)	–	–	10,534
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	8,836
	30,840	34,925	61,664
Repayments of borrowings from:			
Continuing			
Yichun Venture Capital Co., Ltd	200,000	–	–
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	907,390
Yichun Chuangtong Supply Chain Service Co., Ltd. (Previous name: Yichun Chuangtong Trading Co., Ltd.)	–	–	252,607
	200,000	–	1,159,997
Loan to:			
Discontinued			
Nanning Urban Construction Investment Group Co., Ltd.	320,000	200,000	–
Repayment of loans to:			
Discontinued			
Nanning Urban Construction Investment Group Co., Ltd.	212,000	308,000	–

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of the business and at terms negotiated and agreed between the Group and the respective parties.

(c) Key management compensation

Key management includes directors (executive and non-executive), supervisors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	11,532	13,642	10,789
Pension obligations, Housing funds, medical insurances and other social insurances	612	692	701
Other employee benefits	–	–	–
Share-based payment expenses	27,250	118,271	139,164
	39,394	132,605	150,654

(d) Balances with related parties

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other receivables			
Nanning Production and Investment New Energy Vehicle Technology Development Co., Ltd.	118,000	–	–
Nanning Urban Construction Investment Group Co., Ltd.	123	123	130
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd.	–	14,472	14,472
	118,123	14,595	14,602

Other receivables from related parties of the Group are interest-free. The carrying value of these balances approximate their fair value as at 31 December 2021, 2022 and 2023, respectively.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Trade receivables			
Henan Derry AUTO Sales Co., Ltd.	3,368	3,373	3,373
Derry New ENERGY AUTOMOBILE Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd.)	533	533	533
Tongxiang Zhe'ao Industrial Co., LTD	–	941	400
Dr. Fang	16	–	227
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	200,168
	3,917	4,847	204,701

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other payables			
Beijing Qihu Technology Co., Ltd.	455	455	915
Beijing Sihai Technology Co., Ltd.	–	1,123	1,288
360 Digital Security Technology Group Co., Ltd. (Previous name: Beijing Hongteng Technology Co., Ltd., Beijing Qihoo Hongteng Technology Co., Ltd. and Beijing Qihoo Ceteng Technology Co., Ltd.)	–	600	960
Beijing Hongxiang Technical Service Co., Ltd. (Previous name: Beijing Qihoo Technical Service Co., Ltd. and Beijing Xinfu Tianheng Technology Co., Ltd.)	–	499	249
Tongxiang Zhe'ao Industrial Co., LTD	–	200	200
Derry New ENERGY AUTOMOBILE Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd.)	–	–	4,000
Derry (Huainan) New Energy Vehicle Sales Co., Ltd. (Previous name: Huainan Xinhui Neomor Vehicle Sales Co., Ltd.)	–	–	796
	455	2,877	8,408
Trade payables			
Huading Guolian Power Battery Co. LTD	72,593	203,708	22,238
Anhui Hongchuang New Energy Technology Co., Ltd.	58,445	138,238	52
	131,038	341,946	22,290
Prepayments			
Huading Guolian Power Battery Co. LTD	–	10,906	10,906
Nanning Industry Investment New Energy Automobile Park Construction and Development Co., Ltd.	–	8,238	1,165
Nanning Urban Construction Investment Group Co., Ltd.	–	491	491
Anhui Hongchuang New Energy Technology Co., Ltd.	–	43	147,178
Nanning Industrial Investment Co., Ltd.	–	4	56
	–	19,682	159,796
Contract Liabilities			
Huizhongtianxia (Jiangsu) New Energy Technology Co., LTD	15,281	2,659	15,806
Nanning Industrial Smart Invention Development Co., Ltd. (Previous name: Nanning Zhenning Development Co., Ltd.)	22	1	–
Nanning Industrial Park Development Co., Ltd.	–	21	24
	15,303	2,681	15,830

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Receivables under finance lease arrangement			
Derry New ENERGY AUTOMOBILE Co., Ltd. (Previous name: Henan Derry New Energy Automobile Co., Ltd.)	–	–	12,500
Other long term liabilities			
Nanning Production and Investment New Energy Vehicle Technology Development Co., Ltd.	10,000	–	–
Borrowing			
Yichun Venture Capital Co., Ltd	388,771	578,095	668,799
Nanning Production and Investment Supply Chain Financing Technology Co., Ltd.	–	–	178,352
Yichun Chuangtong Supply Chain Service Co., Ltd. (Previous name: Yichun Chuangtong Trading Co., Ltd.)	–	–	137,175
	388,771	578,095	984,326

Management Committee of Yichun Economic and Technological Development Zone (Administrative Committee of the Jingkai District) and Shanghai Zheao Industrial Co., Ltd. signed an investment cooperation contract with the Company, agreeing that the state-owned enterprise of the Jingkai District Administrative Committee will invest in the establishment of Yichun Chuanghe New Energy Investment Co., Ltd. ("Yichun Chuanghe") and construct the smart factory in Yichun city. Yichun Chuangyi Asset Management Co., Ltd. is authorized by Yichun Chuanghe to sign a 10-year plant lease agreement with the Company with no rent.

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Details of the emoluments paid or payable to the directors, Chief Executive Officer and supervisors for the Track Record Period are set out as follows:

	Fees	Wages and salaries	Discretionary bonuses	Share-based payment	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021						
Name of directors:						
Dr. Fang	–	1,912	960	8,490	174	11,536
Mr. Hu Xu	–	–	–	–	–	–
Ms. Huang Jihong *(i)*	–	–	–	–	–	–
Mr. Tang Huihua *(ii)*	–	–	–	–	–	–
Ms. Wang Yanyan *(iii)*	–	–	–	–	–	–
Mr. Qian Dezhu *(iv)*	–	1,434	660	495	124	2,713
Mr. Xin Hongbo	–	–	–	–	–	–
Mr. Huang Qinian	–	–	–	–	–	–
Mr. Chen Kai *(v)*	–	–	–	–	–	–
Mr. Xiong Siwei *(viii)*	–	–	–	–	–	–
Mr. Tang Yidai *(ix)*	–	–	–	–	–	–
	–	3,346	1,620	8,985	298	14,249

	Fees	Wages and salaries	Discretionary bonuses	Share-based payment	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021						
Name of supervisor:						
Mr. Chu Shaohua *(vi)*	–	780	300	500	74	1,654
Mr. Zhang Honglei	–	958	300	1,257	130	2,645
Mr. Yan Jianzhang *(vii)*	–	–	–	–	–	–
	–	1,738	600	1,757	204	4,299
Name of Chief Executive Officer:						
Mr. Zhang Yong	–	1,839	960	8,736	128	11,663
Year ended 31 December 2022						
Name of directors:						
Dr. Fang	–	2,854	960	49,421	164	53,399
Mr. Xiong Siwei *(viii)*	–	–	–	–	–	–
Mr. Qian Dezhu *(iv)*	–	1,278	960	3,223	145	5,606
Mr. Hu Xu	–	–	–	–	–	–
Mr. Xin Hongbo	–	–	–	–	–	–
Mr. Tang Huihua *(ii)*	–	–	–	–	–	–
Ms. Wang Yanyan *(iii)*	–	–	–	–	–	–
Mr. Huang Qinian	–	–	–	–	–	–
Mr. Chen Kai *(v)*	–	–	–	–	–	–
Mr. Tang Yidai *(ix)*	–	–	–	–	–	–
	–	4,132	1,920	52,644	309	59,005
Name of supervisor:						
Mr. Chu Shaohua *(vi)*	–	679	280	1,444	97	2,500
Mr. Yan Jianzhang *(vii)*	–	–	–	–	–	–
Mr. Zhang Honglei	–	1,084	420	4,434	145	6,083
Mr. Xu Zhe *(ix)*	–	871	300	1,346	151	2,668
	–	2,634	1,000	7,224	393	11,251
Name of Chief Executive Officer:						
Mr. Zhang Yong	–	2,165	960	20,370	140	23,635
Year ended 31 December 2023						
Name of directors:						
Dr. Fang	–	3,056	–	44,471	148	47,675
Mr. Peng Mingquan *(xiii)*	–	–	–	–	–	–
Mr. Peng Qingfeng *(xii)*	–	1,604	420	2,900	104	5,028
Mr. Hu Xu	–	–	–	–	–	–
Mr. Xin Hongbo	–	–	–	–	–	–
Mr. Hong Zhao *(xiv)*	–	–	–	–	–	–
Mr. Huang Qinian	–	–	–	–	–	–
Mr. Zhang Yong *(xi)*	–	2,323	–	28,395	276	30,994
Mr. Xiong Siwei *(viii)*	–	–	–	–	–	–
Mr. Tang Huihua *(ii)*	–	–	–	–	–	–
Mr. Tang Yidai *(ix)*	–	–	–	–	–	–

	Fees	Wages and salaries	Discretionary bonuses	Share-based payment	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ms. Wang Yanyan *(iii)*	–	–	–	–	–	–
Mr. Chen Kai *(v)*	–	–	–	–	–	–
	–	6,983	420	75,766	528	83,697
Name of supervisor:						
Mr. Zhang Honglei	–	1,257	420	4,599	156	6,432
Mr. Yan Hepeng	–	–	–	803	–	803
Mr. Xu Zhe *(x)*	–	396	136	1,561	124	2,217
Mr. Chu Shaohua *(vi)*	–	409	144	1,656	66	2,275
Mr. Hu Jianguo	–	47	132	1,573	8	1,760
	–	2,109	832	10,192	354	13,487
Name of Chief Executive Officer:						
Mr. Zhang Yong	–	2,323	–	28,395	276	30,994

(i) Ms. Huang Jihong was resigned from the Company's director on 27 December 2021.

(ii) Mr. Tang Huihua was resigned from the Company's director on 2 February 2023.

(iii) Ms. Wang Yanyan was resigned from the Company's director on 2 February 2023.

(iv) Mr. Qian Dezhu was resigned from the Company's director on November 2022.

(v) Mr. Chen Kai was resigned from the Company's director on 2 February 2023.

(vi) Mr. Chu Shaohua was resigned from the Company's supervisor on 2 February 2023.

(vii) Mr. Yan Jianzhang was resigned from the Company's supervisor on 30 September 2022.

(viii) Mr. Xiong Siwei was resigned from the Company's director on 15 May 2023.

(ix) Mr. Tang Yidai was appointed as the director of the Company on 27 December 2021 and resigned from the Company's director on 2 February 2023.

(x) Mr. Xu Zhe was appointed as the supervisor of the Company on 30 September 2022.

(xi) Mr. Zhang Yong was appointed as the director of the Company on January 2023.

(xii) Mr. Peng Qingfeng was appointed as the director of the Company on January 2023.

(xiii) Mr. Peng Mingquan was appointed as the director of the Company on March 2023.

(xiv) Mr. Hongzhao was appointed as the director of the Company on January 2023.

(b) Directors, executive and supervisors' retirement benefits

None of the directors, executive or supervisors received any retirement benefits during the Track Record Period.

(c) Directors, executive and supervisors' termination benefits

None of the directors, executive or supervisors received any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors, executive and supervisors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors, executive or supervisors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, executive, supervisors and bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in Favor of directors, executive, supervisors or controlled bodies corporate by and connected entities with such directors or supervisors during the Track Record Period.

(f) Directors, executive and supervisors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 39, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director, executive or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

40 CONTINGENCIES

As at 31 December 2021 and 2022 and 2023, there were no significant contingencies items for the Group and the Company.

41 EVENT AFTER THE BALANCE SHEET DATE

In April 2024, the Company issued a convertible bond to Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd, with a total consideration of RMB940,000,000.

In May and June 2024, the Group obtained four long term bank loans from Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd, with a total amount of RMB1,300,000,000.

In June 2024, Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd (as one of the Series Crossover investors) subscribed 61,923,088 ordinary shares of the Company at a price of RMB16.15 per share with total consideration of RMB1,000,000,000.

In June 2024, Ningbo Meishan Free Trade Port Wending Investment Co., Ltd (a subsidiary of Contemporary Amperex Technology Co., limited, as one of the Series Crossover investors) subscribed 12,384,618 ordinary shares of the Company at a price of RMB16.15 per share with total consideration of RMB200,000,000.

In June 2024, the Company issued a convertible bond to Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership), with a total consideration of RMB120,000,000.

In June 2024, the Group obtained a long term bank loan from Zhejiang Tongxiang Rural Commercial Bank Co., Ltd., with a total amount of RMB476,630,980.

In June 2024, the Group obtained a long term bank loan Industrial and Commercial Bank of China Co., Ltd. Shanghai Zhangjiang Technology Sub-branch., with a total amount of RMB400,000,000.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023 and up to the date of this report. Same as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.

The information set out in this Appendix [II] does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited [**REDACTED**] *financial information should be read in conjunction with the section entitled "Financial Information" in this document and the Accountant's Report set out in Appendix [I] to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and [**REDACTED**] statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2023 as if the [**REDACTED**] had taken place on December 31, 2023.

The unaudited [**REDACTED**] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the [**REDACTED**] been completed as of December 31, 2023 or any future date. It is prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2023 as derived from the Accountant's Report, set out in Appendix [I] to this document and adjusted as described below.

	Audited Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company as at December 31, 2023	Estimated Net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] Attributable to Owners of the Company as at December 31, 2023	Unaudited [REDACTED] Adjusted Net Tangible Assets per Share	
	Note 1	Note 2		Note 3	Note 4
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an [**REDACTED**] of HK$[**REDACTED**] per Share	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of HK$[**REDACTED**] per Share	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1.) The audited consolidated net tangible assets attributable to owners of the Company as at December 31, 2023 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at December 31, 2023 of approximately RMB2,989,817,000 with an adjustment for the intangible assets attributable to owners of the Company as at December 31, 2023 of approximately RMB1,693,697,000.

(2.) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**] per Share and HK$[**REDACTED**] per Share, respectively after deduction of the [**REDACTED**] and other related expenses paid/payable by the Company, excluding [**REDACTED**] of approximately RMB25,769,000 which has been accounted for in the consolidated statements of comprehensive loss up to December 31, 2023. It does not take account of any Shares which may be issued upon the exercise of the [**REDACTED**], any Shares which may be issued under the share award schemes or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(3.) The unaudited [**REDACTED**] adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 2,944,264,874 Shares without taking into account of 61,923,088 ordinary shares issued to Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd ("Tongxiang STE") in June 2024 and 12,384,618 ordinary shares issued to Ningbo Meishan Bonded Port Zone Wending Investment Co., Ltd in June 2024 (the "2024 June Issuance of Shares") and assuming (i) none of the convertible bonds to Tongxiang STE in April 2024 and Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) in June 2024 are converted into H Shares; (ii) no exercise of the [**REDACTED**]; (iii) no Shares which may be issued under the share award schemes; and (iv) no Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(4.) For the purpose of this unaudited [**REDACTED**], the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.9110 to HK$1.00, as set out in "Information about this document and the [**REDACTED**]" to this document. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5.) In particular, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share has not taken into account the 2024 June Issuance of Shares. Had such the 2024 June Issuance of Shares been taken into account, the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share would have been approximately RMB1.65 per Share (equivalent to approximately HK$1.81 per Share) and RMB1.88 per Share (equivalent to approximately HK$2.06 per Share), based on the [**REDACTED**] of HK$[**REDACTED**] per Share and HK$[**REDACTED**] per Share, respectively and on the basis that [**REDACTED**] Shares assuming (i) none of the convertible bonds to Tongxiang STE in April 2024 and Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) in June 2024 are converted into H Shares; (ii) no exercise of the [**REDACTED**]; (iii) no Shares which may be issued under the share award schemes; and (iv) no Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(6.) No adjustment has been made to the unaudited [**REDACTED**] adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2023.

[**REDACTED**]

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to Special Regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. [**REDACTED**] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for individual income including interest, dividend and bonus, shall pay individual income tax with applicable proportional tax rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless exempted by the tax authority of the State Council or reduced by relevant tax treaty. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the "the Arrangement"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy taxation treaty benefits. Although there may be other provisions under the Arrangement, the taxation treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Enterprise Investors

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007, implemented on January 1, 2008 and subsequently amended by SCNPC on February 24, 2017 and December 29, 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019 (hereinafter collectively referred to as the "**CIT Law**"), a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》, which was issued and implemented by the State Administration of Taxation on November 6, 2008, further clarified that a PRC-resident enterprise shall withhold corporate income tax at a unified rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated and implemented by the State Administration of Taxation on July 24, 2009 further provides that any PRC resident enterprise that is listed on overseas stock exchanges (including A shares, B shares and oversea shares) shall withhold and pay enterprise income tax at a rate of 10% on dividends it distributes to its non-resident enterprise shareholders which are derived out of profit generated since 2008. Non-resident enterprise shareholders who need to enjoy tax treaty benefits, the relevant provisions of such tax treaty shall apply. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy taxation treaty benefits. Although there may be other provisions under the Arrangement, the taxation treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Income Tax

Individual Investor

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the State Administration of Taxation and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the above three departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp duty

In accordance with the Stamp Tax Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated and implemented by the SCNPC on June 10, 2021 and took effect on July 1, 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of China, or entities and individuals that use taxable certificates, which were issued outside China, in China shall pay PRC stamp duty. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

TAXATION IN HONG KONG

Hong Kong Taxation of the Company

Profits Tax

The Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5% unless such profits are chargeable under the half-rate of 8.25% that may apply for the first HK$2 million of assessable profits for years of assessment beginning on or after April 1, 2018. Dividend income derived by the Company from its subsidiaries will be excluded from Hong Kong profits tax.

Hong Kong Taxation of Shareholders

Tax on Dividends

No tax is payable in Hong Kong in respect of dividends paid by the Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the H Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong income tax rates of 16.5% on corporations and 15.0% on individuals, unless such gains are chargeable under the respective half-rates of 8.25% and 7.5% that may apply for the first HK$2 million of assessable profits for years of assessment beginning on or after 1 April 2018. Gains from sales of H Shares effected on the Stock Exchange will be considered by the Hong Kong Inland Revenue Department to be derived from or arise in Hong Kong. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

MAJOR TAXES ON THE COMPANY IN THE PRC

Enterprise Income Tax Law

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "Enterprise Income Tax Law"), which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which was amended on April 23, 2019 and became effective on the same date, the applicable enterprise income tax rate of both domestic and foreign-funded enterprises shall be 25%.

Value-Added Tax

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011 (collectively, the "VAT Law"), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

In accordance with the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated on March 23, 2016 and came into effect on May 1, 2016, upon approval of the State Council, the pilot programme of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 1, 2016.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》), promulgated by the MOF and the State Administration of Taxation on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

The Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, stipulates that: (1) the VAT rates of 16% and 10% originally applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively; (2) the deduction rates of 10% originally applicable to the taxpayers who purchased agricultural products are adjusted to 9%; (3) for purchase of agricultural products for the purpose of production or consigned processing of goods subject to deduction rates of 13%, such tax shall be calculated at the rate of 10%; (4) for exported goods originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (5) for exported goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange of the PRC (the "SAFE"), with the authorization of the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations") and it came into effect on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and came into effect on August 5, 2008. According to the latest amendment to the Foreign Exchange Control Regulations, PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by PBOC on June 20, 1996 and effective on July 1, 1996 does not impose any restrictions on convertibility of foreign exchange under current items, while imposing restrictions on foreign exchange transactions under capital account items.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business, or effect exchange and payment at institutions that carries settlement and sale business.

On October 23, 2014, the State Council issued the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》), which cancelled the administrative approval by the SAFE and its branches for matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and imposed on June 1, 2015, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of foreign exchange capital, foreign loans and raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 18, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

According to the Notice on Further Facilitating Cross-border Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) issued by the SAFE, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas listings and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, and their use of funds should be genuine and compliant with the current regulations governing the use of income from capital items.

The main purpose of this Appendix is to provide investors with an overview of our Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to investors

1. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize the Board to allocate or issue shares. The Company may, based on its business and development needs and in accordance with the laws and administrative regulations, increase its registered capital in the way of public offering of shares as approved by relevant authorities, subject to separate resolutions of the general meeting.

(2) Power to dispose fixed assets of the Company

The Board shall determine the authorities and establish strict reviewing and decision-making processes for external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, related party/connected transactions, donations and other matters. Major investment projects shall be assessed by experts and professionals and approved by the general meeting.

(3) Loans and guarantees to Directors, Supervisors and other senior management personnel

External guarantees provided by the Company shall be considered at the Board and general meetings.

The following external guarantees provided by the Company shall be considered and approved at general meetings:

(I) any guarantee provided by the Company and its subsidiaries with an amount exceeds 50% of the Company's latest audited net assets;

(II) any guarantee provided by the Company with an amount exceeds 30% of the Company's latest audited total assets;

(III) any guarantee provided by the Company with an amount exceeds 30% of the Company's latest audited total assets within one year;

(IV) any guarantee provided to any guaranteed party with gearing ratio exceeding 70%;

(V) any single guarantee exceeding 10% of the latest audited net assets;

(VI) any guarantee to be provided to shareholders, de facto controller and their related parties/connected persons;

(VII) any guarantee that shall be submitted to shareholders for approval as prescribed by the Listing Rules of the Stock Exchange.

(4) Giving financial assistance for acquiring shares in the Company or any of its subsidiaries

The Company and subsidiaries of the Company (including the affiliated enterprises of the Company) shall not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.

(5) Remuneration

The appointment and removal of members of the Board and Supervisory Committee not being staff representatives, and their remuneration and manner of payment thereof shall be approved by an ordinary resolution at the general meeting.

(6) Appointment, removal and retirement

The Company shall have a Board which shall be accountable to the general meeting. The Board shall consist of 12 directors, with one Chairman of the Board and could appoint one Vice Chairman of the Board, and at least three independent non-executive directors; and at least one-third of the members shall be independent non-executive directors.

The chairman and vice chairman of the Board shall be elected by more than one half of all the directors. Directors shall be elected or replaced by the general meeting. The general meeting may by ordinary resolution remove any director (including managing director or any other executive director) before the expiration of his term of office (but without prejudice to such director's right to claim damages based on any contract) where not otherwise provided by law. The term of office of each director is 3 years. The directors may, after the expiration of the term of office, be re-elected and re-appointed.

The term of office of each director shall commence as of his assumption of office until the expiration of the current term of the Board. Where the directors fail to be promptly re-elected upon the expiration of the term of office, the original directors shall retain their directorship in accordance with the laws, administrative regulations, departmental regulations and provisions of the Articles of Association before the newly elected directors assume office.

Any director appointed by the Board to fill a casual vacancy on or as an addition to the Board shall hold office from his assumption of office until the first annual general meeting after his appointment, and shall then be eligible for re-election.

The general manager or other senior management personnel may concurrently serve as a Director, provided that the aggregate number of the Directors who concurrently serve as general manager or other senior management personnel and directors who are employees' representatives shall not exceed one half of the total number of Directors of the Company.

The following natural persons shall not serve as the directors of the Company:

(I) persons without civil capacity or with restricted civil capacity;

(II) persons who have committed the offences of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order, and have been sentenced to criminal penalties, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of this deprivation;

(III) persons who are former directors, factory managers or general managers of a company or enterprise which has become bankrupt and been liquidated and are personally liable for bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

(IV) persons who were legal representatives of a company or enterprise which had its business license revoked or which was ordered to be closed down due to a violation of the law and who are personally liable, where less than three years have been elapsed since the date of the revocation of the business license;

(V) persons who have a relatively large amount of debts due and outstanding;

(VI) persons who are under a penalty of prohibited access to the securities market imposed by the CSRC or securities regulatory authorities of the places where the shares of the Company are listed, which penalty is still effective;

(VII) any other circumstances stipulated in the laws, administrative regulations or departmental rules.

If election or appointment of a director is conducted breaking stipulations of this article, this election, appointment, or recruitment are ineffective. If the case of this article occurs to a director in his tenure, he shall be removed from his position by the Company.

(7) Amendments to the Articles of Association

Under any of the following circumstances, the Company shall amend the Articles of Association as approved by way of special resolution at the general meeting:

(I) Following revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;

(II) There is a change to the Company's particulars resulting in inconsistency with the matters set out in the Articles of Association; or

(III) the general meeting has decided on making amendments to the Articles of Association.

Where the approval from the competent authority is required for the amendments to the Articles of Association passed by the general meetings, such amendments shall be submitted to the competent authority for approval; where company registration matters are involved, change registration formalities shall be filed pursuant to the law.

The Board shall amend the Articles of Association pursuant to the resolution of the general meeting on amendment of Articles of Association and the examination and approval opinion of the authorities in charge

If any amendment to the Articles of Association contains information required to be disclosed by laws and regulations and securities regulatory authorities of the places where the shares of the Company are listed, an announcement shall be made pursuant to the provisions.

(8) Duties

Directors shall comply with the laws, administrative regulations and the Articles of Association and bear the following fiduciary obligations towards the Company:

(I) Shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;

(II) Shall not misappropriate the Company's funds;

(III) Shall not deposit the Company's assets or funds into an account opened in his own name or the name of another individual;

(IV) Shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantee for others using the Company's assets without the consent of the general meeting or the Board;

(V) Shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of the general meeting;

(VI) Shall not make use of powers to seek business opportunities which rightfully belong to the Company for himself/herself or others without the consent of the general meeting, or engage in the same type of businesses as the Company on his own or for others;

(VII) Shall not pocket commissions of transactions with the Company;

(VIII) Shall not disclose Company secrets without authorization;

(IX) Shall not make use of their relationships or connections to compromise the interests of the Company;

(X) Any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duty of diligence towards the Company:

(I) Exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;

(II) Treat all shareholders fairly;

(III) Get a timely grasp of the status of the Company's business and management;

(IV) Issue a written confirmation on regular reports of the Company to ensure truthfulness, accuracy and completeness of the information disclosed by the Company;

(V) Provide the relevant information and materials to the Supervisory Committee truthfully, and shall not hinder exercise of powers by the Supervisory Committee or the supervisors;

(VI) Any other duty of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association.

When a director's resignation takes effect or his/her term of office expires, he/she shall duly complete all handover procedures with the Board. His/her fiduciary duties towards the Company and shareholders do not necessarily cease after the expiry of his/her term of office and shall remain effective within a reasonable period stipulated by the Articles of Association.

2. ACCOUNTING AND AUDIT

(1) Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements stipulated by relevant departments of the PRC.

The Company shall compile financial reports at the end of an accounting year, which shall be examined and verified according to the law. The Company shall lay the annual financial statements at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate. The Company shall prepare, submit, disclose its annual reports and submit them to the shareholders pursuant to laws, regulations, as well as the relevant requirements by securities regulatory authorities of the places where the shares of the Company are listed, which shall include its annual accounts and, where the issuer prepares group accounts, its group accounts, and a copy of the auditors' report thereon or its summary financial report.

The Company shall have no accounting book other than the statutory ones. The Company's assets shall not be deposited in any account opened under the name of an individual.

(2) Appointment and retirement of accounting firms

The Company shall appoint an accounting firm that complies with the Securities Law to audit its accounting statements, verify its net assets and provide other relevant advisory services. The term of employment shall be one year and may be renewable.

The appointment, removal and non-reappointment of an accounting firm shall be resolved as an ordinary resolution at the general meeting, and the Board shall not appoint an accounting firm prior to the decision by the general meeting.

The remuneration of the accounting firm or the method of deciding the remuneration shall be determined by an ordinary resolution at the general meeting.

The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any objection, omission or falsehood.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 7 days in advance; when the general meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state at the general meeting whether the Company has committed any improper act.

3. RULES FOR GENERAL MEETINGS

(1) Notices and procedures of general meetings

General meetings comprise annual general meetings and extraordinary general meetings. The Company shall, in accordance with laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the provisions of the Articles of Association, convene annual general meetings and extraordinary general meetings, so as to protect the shareholders' legitimate rights, Annual general meetings shall be convened once a year and shall be held within 6 months after the end of the preceding accounting year.

The Company shall convene an extraordinary general meeting within two months upon occurrence of the following events:

(I) when the number of Directors is less than the statutory minimum number required under the Company Law or two thirds of the number as specified in these Articles of Association;

(II) the unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;

(III) when any Shareholder severally or jointly holding 10% or more of the shares of the Company requests;

(IV) the Board considers it necessary;

(V) the Supervisory Committee proposes to convene such meeting;

(VI) any other circumstances stipulated in the laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed or the Articles of Association.

Where the Board gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of a board resolution. When the Supervisory Committee proposes to convene and the Board does not give consent to convening of an extraordinary general meeting, or does not issue a feedback within 10 days from receipt of the requisition, the Board shall be deemed as unable to perform or failed to perform the duties of convening of a general meeting, and the Supervisory Committee may proceed to convene and chair the meeting.

Shareholders who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the Board on convening of an extraordinary general meeting, and shall do so in writing. When the Board does not give consent to convening of an extraordinary general meeting or does not issue a feedback within 10 days from receipt of the requisition, shareholders who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the Supervisory Committee on convening of an extraordinary general meeting, and shall do so in writing. Where the Supervisory Committee does not issue a notice of a general meeting within the stipulated period, the Supervisory Committee shall be deemed as not convening and chairing the general meeting, and shareholders who hold more than 10% of the Company's shares individually or in aggregate for more than 90 consecutive days may proceed to convene and chair the meeting on their own initiative.

When the Company convenes a general meeting, the Board and the Supervisory Committee, as well as shareholders who hold 3% or more of the Company's shares individually or in aggregate, shall have the right to propose motions.

The convener shall inform each shareholder of the annual general meeting by way of announcement 21 days before the meeting, and shall inform each shareholder of the extraordinary general meeting by way of announcement 15 days before the meeting.

The notice of general meeting shall include the following:

(I) time, place and duration of the meeting;

(II) the matters and proposals to be discussed at the meeting;

(III) contain a conspicuous statement that all shareholders are entitled to attend and vote at such general meeting and are entitled to appoint one or more proxies to attend and vote at such meeting on their behalf and that a proxy does not need not be a shareholder;

(IV) specify the date of registration of equity entitlements for shareholders entitled to attend the general meeting;

(V) state the names and telephone numbers of the permanent contact persons for conference affairs;

(VI) the voting time and procedures online or in other methods.

After issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice stating reasons at least two business days before the original meeting date. Where relevant laws, administrative regulations and securities regulatory authorities in the places where the shares of the Company are listed have any other provisions, such provisions shall prevail.

(2) Resolutions of a general meeting

Resolutions of a general meeting shall comprise ordinary resolutions and special resolutions. An ordinary resolution of a general meeting shall be passed by votes representing more than 1/2 of voting rights of shareholders who are present at the general meeting (including their proxy). A special resolution of a general meeting shall be passed by votes representing more than 2/3 of voting rights of shareholders who are present at the general meeting (including their proxy).

The following matters shall be passed as ordinary resolutions of a general meeting:

(I) Working reports of the Board and the Supervisory Committee;

(II) Profit distribution plan and loss offset plan formulated by the Board;

(III) Appointment and removal of members of the Board and the Supervisory Committee who are not representatives of the staff and their remuneration and payment method;

(IV) The Company's annual budget and final accounts;

(V) The Company's annual report;

(VI) Any other matters other than those required to be adopted as special resolutions by laws, administrative regulations, securities regulatory authorities in the places where the shares of the Company are listed or the Articles of Association.

The following matters shall be passed as special resolutions of a general meeting:

(I) The Company's increase or decreases in registered capital;

(II) Division, spin-off, merger, dissolution and liquidation of the Company;

(III) Amendments to the Articles of Association;

(IV) The amount of purchase or disposal of material assets or providing guarantee in one year exceeds 30% of the latest audited total assets of the Company;

(V) Share option incentive plan;

(VI) Any other matters stipulated by laws, administrative regulations, securities regulatory authorities in the places where the shares of the Company are listed or the Articles of Association, or those which have a significant impact on the Company if to be passed by an ordinary resolution of a general meeting and which are deemed necessary to be passed as a special resolution.

Resolutions of a general meeting shall be announced publicly in a timely manner and in accordance with requirements stipulated by laws, regulations and securities regulatory authorities in the places where the shares of the Company are listed; statistics on the attendance and the voting of domestic shareholders and foreign shareholders shall be kept on an individual basis and announced accordingly.

(3) Proxy

A shareholder may attend, speak and vote at the shareholders' general meeting in person or by proxy.

The instrument appointing a proxy issued by a shareholder for the general meeting shall include the following information:

(I) Name of the proxy;

(II) Whether the shareholder has voting rights;

(III) The instructions on voting for, against or abstention of voting for each agenda item of the general meeting;

(IV) Date of issuance of the proxy form and the validity period;

(V) Signature (or affixation of seal) by the entrusting party. Where the entrusting party is a corporate shareholder, the seal of the corporate shareholder shall be affixed.

The instrument of proxy shall contain a statement that in the absence of specific instructions by the shareholder whether the proxy may vote as he/she thinks fit

Where a proxy form for a voting proxy is signed by a person authorized by the entrusting party, the proxy form or any other authorization document shall be notarized. The notarized proxy form or any other authorization document and the proxy form for a voting proxy shall be kept at the Company's premises or any other premises designated in the notice of meeting. Where the entrusting party is a legal person, its legal representative or board of directors or the person authorized by any other decision-making organ shall represent the legal person to attend the general meeting of the Company.

If the shareholder is a recognized clearing house (or its proxy) as defined by the relevant regulations of the laws of Hong Kong enacted from time to time, it may, as it thinks fit, appoint one or more persons as its proxies to attend and vote at any shareholders' general meeting or class meeting or meeting of creditors. However, if more than one person is appointed, the instrument of proxy shall specify the number and class of the shares relating to each such proxy. Such person so appointed may exercise the rights on behalf of the accredited clearing house (or its proxy), and shall enjoy rights equivalent to the legal rights of other shareholders, including the right to speak and vote, as if such person is an individual shareholder of the Company. For the avoidance of doubt, where more than one proxy is appointed by a recognized clearing house (or its nominee(s)), each proxy shall have one vote on a show of hands, and each proxy is under no obligation to cast all his votes in the same way on a poll.

(4) Reviewing the register of members

The Company shall maintain a register of shareholders based on the certificates provided by the securities registration authority. The register of shareholders shall be sufficient evidence to prove the shareholdings of shareholders in the Company. Shareholders have rights and obligations according to the classes of shares they hold; Shareholders holding the same class of shares have the same rights and obligations.

Except when a register is closed and, if applicable, subject to the provisions below, the principal register and any branch register shall during business hours be kept open to inspection by any member without charge. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules of the Stock Exchange, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of the Articles of Association with a certificate under the hand of the

Secretary of the Company stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice in accordance with the procedures set out in this Article.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities which require to determine the identity of the shareholders, the convener of meetings of the Board or the general meetings shall decide the record date. The shareholders whose names appear on the register of shareholders at the close of trading on the record date shall be the shareholders who shall enjoy the relevant rights and interests.

(5) Voting rights

Shareholders (including their proxy) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the general meeting. Subject to requirements stipulated by laws, administrative regulations and securities regulatory authorities in the places where the shares of the Company are listed, the Board and independent non-executive directors of the Company as well as shareholders of the Company who meet relevant requirements and conditions may publicly solicit shareholders' right to vote. In the case of solicitation of voting rights of shareholders, shareholders whose voting rights are solicited shall be made full disclosure of information such as voting intent. Solicitation of voting rights of shareholders in the form of compensation or disguised compensation is prohibited. In addition to the statutory conditions, the Company shall not set restriction on minimum shareholding percentage for solicitation of voting rights.

The same voting rights may only be exercised by one method, either on site, online or via one of any other voting methods. If there is repeated voting with respect to the same voting rights, the first voting result shall prevail.

Shareholders who attend the general meeting shall take one of the following stances when a resolution is put forward for voting: for, against or abstain. The securities registration and clearing organization shall be the nominal holder of shares on the Mainland China-Hong Kong Stock Connect, except where declaration is made in accordance with the actual intent of such shareholder. Votes which are left blank, wrongly written, unable to identify or failed to vote will be deemed as waiver of voting rights by the voter and the voting results for his/her/its shares shall be deemed as "abstain".

4. TRANSFER OF SHARES

The shares of the Company held by a promoter shall not be transferred within 1 year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within 1 year from the day on which the shares are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and the changes thereof and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within 1 year from the date when the shares of the Company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office.

Gains from sale of domestic shares in the Company by any Directors, supervisors, senior management members or Shareholders holding 5% or more of the Shares in the Company or other securities in equity nature within six months after their purchase of the same, and gains from purchase of Shares in the Company or other securities in equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company. The Board shall forfeit such gains from the abovementioned parties, except for a securities company holds more than 5% of the Shares by buying the remaining Shares pursuant to an underwriting arrangement and other circumstances provided by the CSRC.

The stocks or other securities of the nature of equity held by the directors, supervisors, senior managers or natural persons as mentioned in the above paragraph include the stocks or other securities of the nature of equity held by their spouses, parents or children and by using the accounts of others. Where the Board of the Company does not act in accordance with the provision of the first paragraph of this Article, the shareholders shall have the right to require the Board to take action within 30 days. Where the Board fails to take such action within the aforesaid period, the shareholders shall be entitled to file proceedings at the people's court directly in their own names for the interests of the Company. Where the Board fails to act in accordance with the first paragraph of this Article, the responsible directors shall assume joint and several liabilities pursuant to the law.

5. RIGHTS OF THE COMPANY TO REPURCHASE ITS OUTSTANDING ISSUED SHARES

The Company may not repurchase its Shares except for any of the following circumstances:

(I) reduction of its registered capital;

(II) merger with other company which holds the shares of the Company;

(III) the shares are to be used for employee share ownership plans or equity incentives;

(IV) a shareholder who objects to the resolution on the Company's merger or division passed by the shareholders' general meeting requests the Company to buy back his/her/its shares;

(V) the shares are to be used to convert corporate bonds issued by the Company that can be converted to shares;

(VI) it is necessary for the Company to maintain corporate value and shareholders' equity;

(VII) any other circumstance permitted by laws, administrative regulations and securities regulatory authorities of the places where the shares of the Company are listed.

The Company may acquire its shares through public centralised trading or other methods recognised by laws, administrative regulations, the CSRC and securities regulatory authorities of the places where the shares of the Company are listed. Where the Company acquires its shares under the circumstances set out in Article 26(1)(III), (V) and (VI) of the Articles of Association, it shall do so through public centralised trading.

Where the Company acquires its shares under the circumstances set out in Article 26(1)(I) and (II) of the Articles of Association, a resolution shall be passed at the general meeting of the Company. Where the Company acquires its shares under the circumstances set out in Article 26(1)(III), (V) and (VI) of the Articles of Association, a resolution may be passed at a Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or as authorised by the general meeting.

Where the Company acquires its shares under the circumstances set out Article 26(1)(I), such shares shall be cancelled within 10 days from the date of acquisition; where the Company acquires its shares under the circumstances set out in (II) and (IV), such shares shall be transferred or cancelled within 6 months; where the Company acquires its shares under the circumstances set out in (III), (V) and (VI), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

Where the relevant laws, administrative regulations and the relevant regulations of securities regulatory authorities where the shares of the Company are listed provide otherwise on matters relating to the above share repurchase, such provisions shall prevail.

6. RIGHT OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

There is no provision in the Articles of Association for a subsidiary of the Company to own shares in its parent company.

7. DIVIDENDS AND OTHER FORMS OF DISTRIBUTION

After the Company's general meeting has passed a resolution on the profit distribution plan, the Board of the Company shall complete the distribution of dividends (or shares) within two months after the general meeting.

The shares of the Company held by the Company shall not participate in the distribution of profits.

8. RESTRICTIONS ON THE RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders and de facto controllers of the Company shall not use their connected relations to harm the interests of the Company. If a violation causes loss to the Company, the controlling shareholder(s) shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the laws. The controlling shareholders shall not damage the legitimate rights and interests of the Company and its public shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not use their controlling status to damage the interests of the Company and its public shareholders.

9. LIQUIDATION PROCEDURES

The Company shall be dissolved for the following reasons:

(I) the term of its operations as stipulated in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;

(II) the general meeting resolves to dissolve the Company;

(III) dissolution is necessary due to merger or division of the Company;

(IV) the Company's business licence is revoked and the Company is ordered to close down or is delisted in accordance with the law;

(V) Where the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

Where the Company is dissolved pursuant to (I), (II), (IV) and (V) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of the cause of dissolution. The liquidation committee shall be composed of directors or persons determined by the general meeting. If a liquidation committee is not established for proceeding the liquidation within the time limit, the creditors may apply to the People's Court to designate relevant personnel to form a liquidation committee to carry out the liquidation.

The liquidation committee shall exercise the following duties during the liquidation period:

(I) To liquidate the Company's assets and prepare the balance sheet and assets inventory;

(II) To notify creditors and publish announcements;

(III) To handle outstanding businesses related to liquidation;

(IV) To settle all taxes in arrears and taxes incurred during the liquidation process;

(V) To settle the creditors' rights and debts;

(VI) To deal with the Company's remaining assets after the debts are paid off;

(VII) To represent the Company in any civil litigation activities.

The liquidation committee shall, within 10 days from its establishment, notify the creditors and make an announcement in newspapers at least three times within 60 days. The creditors shall declare their creditor's rights to the liquidation committee within 30 days of receiving the notification or within 45 days from the date of the announcement in case they do not receive the notification. Creditors declaring their creditor's rights shall state the relevant information of the creditor's rights and provide supporting documents. The liquidation committee shall register the rights of creditors. During the period for declaration of creditor's rights, the liquidation committee shall not make any repayment to creditors.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting of shareholders or the People's Court for confirmation.

The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, and payment of tax in arrears, the remaining assets thereafter shall be distributed in accordance with the percentage of shareholding of the shareholders. During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, where the liquidation committee notices that the Company's assets are inadequate for repayment of debts, it shall apply to the People's Court for declaration of insolvency in accordance with the law. Upon declaration of the Company's bankruptcy pursuant to the ruling of the People's Court, the liquidation committee shall hand over the liquidation matters to the People's Court.

Upon completion of liquidation of the Company, the liquidation committee shall produce a liquidation report and submit it to the general meeting or the People's Court for confirmation, report to the company registration authority to apply for deregistration, and announce the termination of the Company.

10. OTHER PROVISIONS OF SIGNIFICANCE TO THE ISSUER OR ITS SHAREHOLDERS

(1) General Provisions

The Company is a company limited by shares with perpetual existence.

The chairman is the legal representative of the Company.

The total assets of the Company shall be divided into shares of equal value. The shareholders shall be liable to the Company with the shares it subscribes, and the Company shall be responsible for its debts with all its assets.

From the date on which the Articles of Association of the Company come into effect, it shall constitute a legally binding document regulating the Company's organization and activities, and rights and obligations between the Company and each shareholder and among the shareholders, and shall be a document which has legal binding force on the Company, its shareholders, directors, supervisors, president and senior management. Pursuant to the Articles of Association, shareholders may sue the shareholders, directors, supervisors, general manager and other senior management of the Company; shareholders may sue the Company, and the Company may sue the shareholders, directors, supervisors, general manager and other senior management.

According to the Constitution of the Communist Party of China, the Company has established an organization of the Communist Party to carry out activities of the Party. The Company shall provide conditions required for activities of the Party when necessary.

(2) Increase/Deduction of Shares

The Company may, based on its business and development needs and in accordance with laws and regulations, increase its capital in the following manners upon respective resolutions being adopted by the general meetings:

(I) Public offering of shares;

(II) Non-public offering of shares;

(III) Issuing bonus shares to its existing shareholders;

(IV) Transfer into share capital from the reserve;

(V) Any other means permitted by laws, administrative regulations and securities regulatory authorities of the places where the shares of the Company are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with procedures provided in the Company Law and other relevant requirements and the Articles of Association.

(3) Shareholders

The Company shall issue shares under the principles of openness, fairness and equality and shares of the same class shall carry same rights. The issue conditions and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share subscribed for by any entity or individual.

The shareholders of the Company shall have the following rights:

(I) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;

(II) to propose, convene and preside over, to attend or appoint a proxy to attend general meetings and to exercise the corresponding rights to speak and vote in accordance with laws;

(III) to supervise the operations of the Company and to put forward proposals or raise inquiries;

(IV) to transfer, donate or pledge shares held by them in accordance with the laws, administrative regulations, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association;

(V) to inspect the Articles of Association, the register of shareholders, stubs of company bonds, minutes of the general meeting, resolutions at meetings of the Board, resolutions at meetings of the Supervisory Committee and financial/accounting reports;

(VI) upon termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;

(VIII) other rights conferred by laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association.

A vote by shareholders of the Company holding more than two-thirds of the voting rights of the class to which the rights are attached shall be required to approve a change to those rights.

Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the presiding Article, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

The shareholders of the Company shall assume the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to surrender the shares unless otherwise required by laws and regulations;

(IV) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

(V) other obligations imposed by laws, administrative regulations, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to laws. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

(4) Board

The Board shall exercise the following powers:

(I) Convene general meetings and submit work reports to general meetings;

(II) Implement the resolutions of general meetings;

(III) Decide on the Company's business plans and investment schemes;

(IV) Formulate the Company' annual budgets and final accounts;

(V) Formulate the Company's profit distribution plan and loss offset plan;

(VI) Formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;

(VII) Formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of company form;

(VIII) determine external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, related party/connected transactions, donations and other matters as authorized by the general meetings;

(IX) Decide on setting up of the Company's internal management organizations;

(X) Appointment or dismissal of the Company's general manager, the board secretary and other senior management and decide on their remuneration and incentives and penalties; appointment or dismissal of senior management such as deputy manager or person-in-charge of finance based on nomination by the general manager, and decide on their remuneration and incentives and penalties;

(XI) Formulate the Company's basic management rules;

(XII) Formulate plans for amendment of the Articles of Association;

(XIII) Manage information disclosure by the Company;

(XIV) Propose to a General Meeting on appointment or replacement of accounting firm which conducts audit for the Company;

(XV) Listen to the work reports of the general manager of the Company and inspect the general manager's work performance;

(XVI) Other powers provided by provisions of laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association, and other powers authorized by the Articles of Association.

Matters beyond the scope of authorization of the general meeting to the Board shall be submitted to the general meeting for consideration.

The quorum of a board meeting shall be a simple majority of the directors. Board resolutions shall be passed by a simple majority of all the directors. Each director has one vote when voting for board resolutions. When the negative votes and the affirmative votes are the same, the Chairman shall have one more casting vote.

(5) Independent non-executive director

The Company shall have at least 3 independent non-executive directors and the number of independent non-executive directors shall be at least 1/3 of the total at all times.

(6) Board secretary

The Company shall appoint a board secretary who will be responsible for matters such as preparation of the Company's general meetings and board meetings, safekeeping of documents and administration of information of the Company's shareholders and handling information disclosure matters.

(7) Supervisory Committee

The Company shall establish a Supervisory Committee. The Supervisory Committee shall comprise 3 supervisors with a Chairman. The Chairman of the Supervisory Committee shall be elected by more than half of all supervisors. The Chairman of the Supervisory Committee shall convene and chair meetings of the Supervisory Committee; where the Chairman of the Supervisory Committee is unable to perform his duties or does not perform his duties, a supervisor shall be elected by a simple majority of the supervisors to convene and chair meetings of the Supervisory Committee. The Supervisory Committee shall include shareholder representatives and an appropriate percentage of employee representatives, when out of which the ratio of employee representatives shall not be less than one-third. Employee representative supervisors of the Supervisory Committee shall be elected at the employee representative congress or employee congress or in any other democratic form.

The Supervisory Committee shall be accountable to the general meeting and exercise the following powers in accordance with the laws:

(I) Examine regular reports of the Company prepared by the Board and issue written examination opinions;

(II) Inspect the financial affairs of the Company:

(III) To supervise the actions of the directors and senior management of performing the corporate functions, and to present proposal to remove any director and senior management who violate laws, administrative regulations, the Articles of Association, or resolutions of the general meeting;

(IV) Where directors or senior management has acted against the interests of the Company, requiring the director or senior management to make correction;

(V) Propose to hold extraordinary general meeting, and convene and chair the general meeting when the Board does not perform the duty of convening and chairing the general meeting as prescribed by the Company Law;

(VI) Make proposals to the general meeting;

(VII) File a lawsuit against the directors or senior management in accordance with the stipulations of Article 151 of the Company Law;

(VIII) The Supervisory Committee may investigate irregularities identified in the operation of the Company and, when necessary, may engage accounting firms or law firms to assist its work at the cost of the Company;

(IX) Other powers conferred by laws, administrative regulations, departmental rules, securities regulatory authorities of the places where the shares of the Company are listed and the Articles of Association.

(8) General Manager

The Company shall have one general manager who shall be appointed or dismissed by the Board.

The general manager shall be accountable to the Board and shall exercise the following functions and powers:

(I) to be in charge of production, operation and management of the Company, to organize the implementation of the resolutions of the Board and report his work to the Board;

(II) to organize the implementation of the Company's annual business plans and investment plans;

(III) to formulate the plan for establishment of the Company's internal management organization;

(IV) to formulate the plan for the Company's basic management system;

(V) to formulate the basic rules and regulations of the Company;

(VI) to propose to the Board the employment and dismissal of the financial controller of the Company;

(VII) to hire or dismiss management personnel other than those to be hired or dismissed by the Board;

(VIII) other functions and powers granted by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board.

(9) Reserve

When distributing the after-tax profits of a year, the Company shall set aside 10% of the profits to the statutory reserve of the Company, until that the total statutory reserve of the Company reaches over 50% of the registered capital of the Company.

In case that the statutory reserve of the Company is not enough to make up for the losses of previous years, before the statutory reserve is set aside according to the stipulation of the preceding paragraph, the profits of the current year shall be first used to make up the losses.

After statutory reserve is set aside from the after-tax profits, the Company, upon resolution of the general meeting, can set aside surplus reserve from the after-tax profits.

The after-tax profits that are left over after loss making up and withdrawing reserve are distributed according to the share proportion of the shareholders, except where the Articles of Association stipulate that profits distribution is not conducted according to shareholding proportion.

Where the shareholders' general meeting violates the provisions of the preceding paragraph in distributing profits to shareholders prior to making up for the losses and withdrawing statutory reserve, the shareholders shall return the profits which are distributed in violation of the provisions to the Company.

The Company's reserves shall be used for making up for the losses of the Company, expanding the Company's manufacturing and business operations or being converted to the Company's additional capital. However, the capital reserve shall not be used to make up for the losses of the Company.

Where the statutory reserve is converted to capital, the remaining reserve shall not be less than 25% of the Company's registered capital prior to the conversion.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established in the PRC on October 16, 2014 and was converted to a joint stock company with limited liability under the PRC Company Law with effect from February 2, 2023. Our Company has established a place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 9, 2023. Ms. Ko Mei Ying of 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and V, respectively.

2. Changes in Share Capital of our Company

Upon the establishment of our Company on October 16, 2014, our registered capital was RMB1,000,000,000. The major changes to our registered capital within two years immediately preceding the date of this document were as follows:

(a) On September 30, 2022, our registered capital was increased from RMB2,264,818,649.54 to RMB2,415,000,442.89.

(b) Pursuant to the respective shareholders' resolutions dated January 10, 2023 and January 13, 2023, the then existing Shareholders of our Company approved the conversion of our Company into a joint stock limited company with 2,415,000,443 Shares of a nominal value of RMB1.0 each. In accordance with the financial statements of our Company as of October 31, 2022 prepared under PRC GAAP, which was audited by PricewaterhouseCoopers Zhong Tian LLP under PRC auditing standards, the audited net assets of our Company as of October 31, 2022 was RMB7,081,969,425.86, which were converted at a rate of 2.9325:1 to 2,415,000,443 Shares of RMB1.0 each and issued to the then Shareholders of our Company in proportion to their capital contribution to our Company. The remaining amount of RMB4,667.0 million was converted to capital reserve. Upon the completion of registration with the Jiaxing Administration for Market Regulation (嘉興市市場監督管理局) on February 2, 2023, our Company was converted into a joint stock company with limited liability, and renamed as "Hozon New Energy Automobile Co., Ltd (合眾新能源汽車股份有限公司)."

(c) On February 28, 2023, our registered capital was increased from RMB2,415,000,443 to RMB2,627,167,373.

(d) On March 21, 2023, our registered capital was increased from RMB2,627,167,373 to RMB2,664,073,533.

(e) On March 15, 2024, our registered capital was increased from RMB2,664,073,533 to RMB2,763,150,474.

(f) On June 14, 2024, our registered capital was increased from RMB2,763,150,474 to RMB2,837,458,180.

Save as disclosed above and in the section headed "History and Corporate Structure" in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Resolutions Passed by Our Shareholders' General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on April 21, 2023 and May 15, 2024, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued before the exercise of the [**REDACTED**] shall not exceed 15% of the enlarged share capital of our Company upon completion of the [**REDACTED**] and granting the [**REDACTED**] the [**REDACTED**] of no more than 15% of the above number of H shares to be issued;

(c) subject to the completion of the [**REDACTED**], the Articles of Association has been approved and adopted, which shall only become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) authorising our Board and its authorized persons to handle all relevant matters relating to, among other things, the [**REDACTED**], the issue of H Shares and the [**REDACTED**].

4. Further Information about our Principal Subsidiaries

We have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A 1 to the Listing Rules in respect of disclosing the particulars of any alterations in the capital of any member of our Group within two years immediately preceding the issue of this document. For further details, see the section headed "Waivers from Strict Compliance with the Listing Rules — Waiver in respect of the Disclosure Requirements Regarding Changes in Share Capital."

The list of our principal subsidiaries as of December 31, 2023 is set out in the section headed "History and Corporate Structure — Principal Subsidiaries and Operating Entities". The changes to the registered capital of our principal subsidiaries within two years immediately preceding the date of this document were as follows:

Nanning Ningda Automobile Sales Service Co., Ltd. ("Nanning Ningda Automobile")

On August 22, 2023, the registered capital of Nanning Ningda Automobile was increased from RMB400,000,000 to RMB1,900,000,000.

Neta Hezhi (Shanghai) Automobile Sales Service Co., Ltd. ("Neta Hezhi")

On December 27, 2023, the registered capital of Neta Hezhi was increased from RMB500,000,000 to RMB2,000,000,000.

NETA AUTO (THAILAND) CO., LTD. ("Neta Auto (Thailand)")

On July 14, 2023, the registered capital of Neta Auto (Thailand) was increased from THB110,000,000 to THB210,000,000 and on April 23, 2024, the registered capital of Neta Auto (Thailand) was increased from THB210,000,000 to THB232,000,000.

Save as disclosed above, there has been no alteration in the registered capital of any of our principal subsidiaries within the two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) a supplementary agreement to capital increase agreement dated September 29, 2022 entered into among Jiaxing Xinsong Equity Investment Partnership (Limited Partnership) (嘉興鑫松股權投資合夥企業(有限合夥)), Fang Yunzhou (方運舟), Zhang Yong (張勇), Qian Dezhu (錢得柱), Peng Qingfeng (彭慶豐), Lin Weiyi (林偉義), Chen Yaoguang (陳耀光), Zhonghe New Energy Automobile Industry Investment Partnership (Limited Partnership) (桐鄉眾合新能源汽車產業投資合夥企業(有限合夥)), Shanghai Zheao Industrial Co., Ltd. (上海哲奧實業有限公司) and our Company, pursuant to which the investment amount of Jiaxing Xinsong Equity Investment Partnership (Limited Partnership) (嘉興鑫松股權投資合夥企業(有限合夥)) were modified to RMB408,350,000 for the subscription of a total of RMB32,665,701.68 of the registered capital in our Company (the "**Registered Capital**");

(b) a shareholders' agreement dated October 31, 2022 entered into among Changzhou Hongtu Taiyi Venture Capital Partnership (Limited Partnership) (常州紅土太乙創業投資合夥企業(有限合夥)), Beijing Jianxin Environmental Investment Fund (Limited Partnership) (北京建信環境投資基金(有限合夥)), Jiaxing Xinsong Equity Investment Partnership (Limited Partnership) (嘉興鑫松股權投資合夥企業(有限合夥)), Zibo Youbo New Power Equity Investment Partnership (Limited Partnership) (淄博友博新勢力股權投資合夥企業(有限合夥)), Anhui Qianhai Fangzhou Intelligent Vehicle Equity Investment Partnership (Limited Partnership) (安徽前海方舟智能車股權投資合夥企業(有限合夥)), Tianjin Richu Yunkai Enterprise Management Center (Limited Partnership) (天津日初雲開企業管理中心(有限合夥)), Jiaxing Dianxin Equity Investment Partnership (Limited Partnership) (嘉興典芯股權投資合夥企業(有限合夥)), Zibo Zhenwei Jingxing Venture Capital Management Partnership (Limited Partnership) (淄博真為景行創業投資管理合夥企業(有限合夥)), Beijing Hongying Enterprise Management Partnership (Limited Partnership) (北京洪盈企業管理合夥企業(有限合夥)), Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司), Gongqingcheng Xuanyaosheng Equity Investment Partnership (Limited Partnership) (共青城烜曜晟股權投資合夥企業(有限合夥)), Insight Capital IX Limited (瑞豐資本有限公司), Changzhou Ruiliang Venture Capital Partnership (Limited Partnership) (常州瑞良創業投資合夥企業(有限合夥)), Citic Securities Investment Co., Ltd. (中信證券投資有限公司), Gongqingcheng Muhua No. 2 Equity Investment Partnership (Limited Partnership) (共青城慕華二號股權投資合夥企業(有限合夥)), Liuzhou Huayu Minsheng Modern Manufacturing Investment Fund (Limited Partnership) (柳州華輿民生現代製造投資基金(有限合夥)), Xinche Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司), Hainan Kaixian Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (海南開弦零碳股權投資基金合夥企業(有限合夥)), Tianjin Qirui Tiancheng Equity Investment Center (Limited Partnership) (天津奇睿天成股權投資中心(有限合夥)), Jiaxing Xinzhu Equity Investment Partnership (Limited Partnership) (嘉興鑫竹股權投資合夥企業(有限合夥)), Shenzhen Jingcheng Open Enterprise Management Center (Limited Partnership) (深圳精誠開闊企業管理中心(有限合夥)), Jianyin International Capital Management (Tianjin) Co., Ltd. (建銀國際資本管理(天津)有限公司), Guangzhou Jifu Qiming Venture

Capital Partnership (Limited Partnership) (廣州吉富啟明創業投資合夥企業(有限合夥)), Yangtze River Delta (Hefei) Digital Economy Equity Investment Fund Partnership (Limited Partnership) (長三角(合肥)數字經濟股權投資基金合夥企業(有限合夥)), Hangzhou Fanen Equity Investment Partnership (Limited Partnership) (杭州範恩股權投資合夥企業(有限合夥)), Jilin Zhishun New Energy System Co., Ltd. (吉林省智順新能源系統有限公司), Shanghai Puke Xinneng Private Investment Fund Partnership (Limited Partnership) (上海普科新能私募投資基金合夥企業(有限合夥)), Shenwan Hongyuan New Value Balance Fund SPC (申萬宏源新價值平衡基金), Beijing Huading New Power Equity Investment Fund (Limited Partnership) (北京華鼎新動力股權投資基金(有限合夥)), Nanning Minsheng New Energy Industry Investment Partnership (Limited Partnership) (南寧民生新能源產業投資合夥企業(有限合夥)), Yichun Jinhe Equity Investment Co., Ltd. (宜春市金合股權投資有限公司), Yichun Chuangyuan Huihe Investment Centre (Limited Partnership) (宜春創園匯合投資中心(有限合夥)), Yichun Chuangye Investment No. 1 Centre (Limited Partnership) (宜春市創業投資一號中心(有限合夥)), Lhasa Zhixing Innovation Technology Co., Ltd. (拉薩知行創新科技有限公司), Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司), Zhejiang Zhehua Investment Co., Ltd. (浙江浙華投資有限公司), Zhang Haixia (張海霞), Henan Zhong Ye Environmental Protection Technology Co., Ltd. (河南中業環保科技有限公司), Jiangyin Xinchanghong Electric Technology Co., Ltd (江陰市新昶虹電力科技股份有限公司), Hongli Zhihui Group Co., Ltd. (鴻利智匯集團股份有限公司), Chengdu Hongjing Technology Co., Ltd. (成都鴻景科技有限公司), Yichun Xinhe Equity Investment Partnership (Limited Partnership) (宜春鑫合股權投資合夥企業(有限合夥)), Lotus-born Co. Limited (蓮生有限公司), Fang Yunzhou (方運舟), Zhang Yong (張勇), Qian Dezhu (錢得柱), Peng Qingfeng (彭慶豐), Lin Weiyi (林偉義), Chen Yaoguang (陳耀光), Zhonghe New Energy Automobile Industry Investment Partnership (Limited Partnership) (桐鄉眾合新能源汽車產業投資合夥企業(有限合夥)), Shanghai Zheao Industrial Co., Ltd. (上海哲奥實業有限公司), our Company, Yichun Youwei Enterprise Management Consulting Partnership (Limited Partnership) (宜春優唯企業管理諮詢合夥企業(有限合夥)), Yichun Taohan Enterprise Management Consulting Partnership (Limited Partnership)* (宜春濤瀚企業管理諮詢合夥企業(有限合夥)), Zhehui Enterprise Management Consulting Partnership (Limited Partnership) (安陽哲慧企業管理諮詢合夥企業(有限合夥)) and Yichun Yingtong Enterprise Management Consulting Center (Limited Partnership)* (宜春盈同企業管理諮詢中心(有限合夥)), pursuant to which the shareholders' rights were agreed among the parties;

(c) a capital contribution agreement dated December 9, 2022 entered into between Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) and our Company, pursuant to which Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) agreed to invest an aggregate of RMB1,000 million for the subscription of a total of RMB61,923,088.28 of the Registered Capital;

(d) a capital contribution agreement dated December 19, 2022 entered into between Tongxiang City Development Group Co., Ltd. (桐鄉市城市發展集團有限公司) and our Company, pursuant to which Tongxiang City Development Group Co., Ltd. (桐鄉市城市發展集團有限公司) agreed to invest an aggregate of RMB300 million for the subscription of a total of RMB18,576,926.48 of the Registered Capital;

(e) an accession agreement dated December 19, 2022 entered into between Tongxiang City Development Group Co., Ltd. (桐鄉市城市發展集團有限公司) and our Company, pursuant to which the shareholder's rights of Tongxiang City Development Group Co., Ltd. (桐鄉市城市發展集團有限公司) were agreed between the parties;

(f) a capital contribution agreement dated December 29, 2022 entered into between Tongxiang Runhe Equity Investment Co., Ltd. (桐鄉市潤合股權投資有限公司) and our Company, pursuant to which Tongxiang Runhe Equity Investment Co., Ltd. (桐鄉市潤合股權投資有限公司) agreed to invest an aggregate of RMB1,700 million for the subscription of a total of RMB105,269,250.07 of the Registered Capital;

(g) an accession agreement dated January 12, 2023 entered into between Tongxiang Runhe Equity Investment Co., Ltd. (桐鄉市潤合股權投資有限公司) and our Company, pursuant to which the shareholder's rights of Tongxiang Runhe Equity Investment Co., Ltd. (桐鄉市潤合股權投資有限公司) were agreed between the parties;

(h) a capital contribution agreement dated January 19, 2023 entered into between Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) and our Company, pursuant to which Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) agreed to invest an aggregate of RMB1,192 million for the subscription of a total of RMB73,812,321.23 of the Registered Capital;

(i) an accession agreement dated January 19, 2023 entered into between Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) and our Company, pursuant to which the shareholder's rights of Fengtai Zhoulai Guxin New Energy Automobile Industry Investment Partnership (Limited Partnership) (鳳臺州來固信新能源汽車產業投資合夥企業(有限合夥)) were agreed between the parties;

(j) an accession agreement dated February 28, 2023 entered into between Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) and our Company, pursuant to which the shareholder's rights of Tongcheng Tonghe New Energy Industry Investment Partnership (Limited Partnership) (桐城市桐合新能源產業投資合夥企業(有限合夥)) were agreed between the parties;

(k) a capital contribution agreement dated September 26, 2023 entered into between Fengyang County New Energy Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鳳陽縣新能發展股權投資基金合夥企業(有限合夥)) and our Company, pursuant to which Fengyang County New Energy Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鳳陽縣新能發展股權投資基金合夥企業(有限合夥)) agreed to subscribe for RMB99,076,941 of the Registered Capital at a consideration of RMB1,600 million;

(l) an accession agreement dated March 15, 2024 entered into between Fengyang County New Energy Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鳳陽縣新能發展股權投資基金合夥企業(有限合夥)) and our Company, pursuant to which the shareholder's rights of Fengyang County New Energy Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鳳陽縣新能發展股權投資基金合夥企業(有限合夥)) were agreed between the parties;

(m) a convertible bonds agreement dated April 16, 2024, entered into between Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and our Company, pursuant to which our Company issued convertible bonds to Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) for a total principal amount of RMB1,000 million for a period of three years from the date on which the principal amount is fully paid by Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) may elect to convert all or part of the convertible bonds (representing all or part of the principal amount and/or the accrued interests) into the Company's shares at an initial conversion price of RMB16.15 per share in accordance with the terms and conditions therein;

(n) a supplementary agreement to convertible bonds agreement dated April 17, 2024 entered into between Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and our Company, pursuant to which supplementary arrangements to the convertible bonds agreement dated April 16, 2024 were agreed between the parties;

(o) a confirmation letter to convertible bonds agreement dated June 22, 2024 entered into between Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and our Company, pursuant to which the total principal amount of the convertible bonds issued to Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) was modified to RMB940 million;

(p) a convertible bonds agreement dated June 3, 2024 entered into between Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) (南寧鏈融天厚創業投資合夥企業(有限合夥)) and our Company, pursuant to which our Company issued convertible bonds to Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) (南寧鏈融天厚創業投資合夥企業(有限合夥)) for a total principal amount of RMB120 million for a period of three years from the date on which the principal amount is fully paid by Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) (南寧鏈融天厚創業投資合夥企業(有限合夥)) and Nanning Lianrong Tianhou Venture Capital Partnership Enterprise (Limited Partnership) (南寧鏈融天厚創業投資合夥企業(有限合夥)) may elect to convert all or part of the convertible bonds (representing all or part of the principal amount and/or the accrued interests) into the Company's shares upon [**REDACTED**] at an initial conversion price of RMB16.15 per share in accordance with the terms and conditions therein;

(q) a capital contribution agreement dated June 7, 2024 entered into between Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) and our Company, pursuant to which Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) agreed to subscribe for RMB12,384,618 of the Registered Capital at a consideration of RMB200 million;

(r) an accession agreement dated June 7, 2024 entered into between Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) and our Company, pursuant to which the shareholder's rights of Ningbo Meishan Free Trade Port Wending Investment Co., Ltd. (寧波梅山保稅港區問鼎投資有限公司) were agreed between the parties;

(s) a capital contribution agreement dated June 14, 2024 entered into between Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and our Company, pursuant to which Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) agreed to subscribe for RMB61,923,088 of the Registered Capital at a consideration of RMB1,000 million;

(t) an accession agreement dated June 14, 2024 entered into between Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) and our Company, pursuant to which the shareholder's rights of Tongxiang Science and Technology Entrepreneurship Service Center Co., Ltd. (桐鄉市科技創業服務中心有限公司) were agreed between the parties; and

(u) the [**REDACTED**].

2. Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date (yyyy-mm-dd)
1.	NEZHA 哪吒	Company	PRC	12	994597	2027-04-27
2.	HOZON AUTO	Company	PRC	12	17322789	2026-09-06
3.	合众	Company	PRC	12	24781373	2028-12-13
4.	合众新能源	Company	PRC	12	24766293	2028-12-20
5.	HOZON	Company	PRC	12	26341151	2028-08-27
6.	哪吒	Company	PRC	12	28507458	2029-03-27
7.	NETA	Company	PRC	12	29282485	2028-12-27

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date (yyyy-mm-dd)
8.	NETA	Company	PRC	12	29356623	2028-12-27
9.	NETA	Company	PRC	12	45035459	2030-11-20
10.	哪吒	Company	PRC	12	52467985	2031-12-27
11.	HOZON	Company	PRC	12	52495074A	2031-09-06
12.	HOZON	Company	PRC	12	55976937	2031-12-27
13.		Company	PRC	12	55956135	2031-12-27
14.		Company	PRC	12	55989591	2032-05-27
15.	哪吒汽车	Company	PRC	12	56399919	2032-01-20
16.	哪吒 S	Company	PRC	12	60115177	2032-04-20
17.	哪吒 U	Company	PRC	12	60157885	2032-09-06
18.	哪吒 V	Company	PRC	12	60154485	2032-09-06
19.	哪吒 X	Company	PRC	12	72943016	2034-03-20
20.	NETA	Company	Hong Kong	12	305753584	2031-09-22
21.	NETA	Company	Hong Kong	12	305753575	2031-09-22
22.	HOZON	Company	Hong Kong	9, 12	305752440	2031-09-21
23.		Company	Hong Kong	9, 12	305752468	2031-09-21
24.	NETA	Company	Hong Kong	9, 12, 35	306055263	2032-09-07
25.	哪吒	Company	Hong Kong	9, 12, 35	306055272	2032-09-07
26.	HOZON	Company	Hong Kong	9, 12, 35	306059070	2032-09-13

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
1	Vehicle lane line fitting method, system for assisted driving (一種用於輔助駕駛的車道線擬合方法、系統及車輛)	Company	Invention	ZL202410075214.9	2044-01-18
2	Vehicle positioning method, positioning device, electronic equipment and storage module (一種車輛定位方法、定位裝置、電子設備及存儲介質)	Company	Invention	ZL202311812135.3	2043-12-26
3	Map lane boundary line processing method and system (地圖車道邊界線的處理方法和系統)	Company	Invention	ZL202311800256.6	2043-12-25
4	Positioning accuracy evaluation method, device and electronic equipment (定位精度評價方法、裝置和電子設備)	Company	Invention	ZL202311811573.8	2043-12-27
5	Method, device and electronic device for fusing multi-source positioning data (多源定位資料的融合方法、裝置和電子設備)	Company	Invention	ZL202311816570.3	2043-12-27
6	Vehicle navigation positioning method, system, device and computer readable medium (車輛導航定位方法、系統、裝置和電腦可讀介質)	Company	Invention	ZL202311811578.0	2043-12-27
7	Motor control system, control method, control device and storage medium (電機控制系統及其控制方法、控制裝置及存儲介質)	Haozhi Technology Electric Drive (Tongcheng) Co., Ltd. (浩智科技電驅(桐城)有限公司)	Invention	ZL202311776860.X	2043-12-21
8	Vehicle fusion positioning method, system, device and computer readable medium (車輛融合定位方法、系統、裝置和電腦可讀介質)	Company	Invention	ZL202311799928.6	2043-12-26
9	Lane line positioning fault diagnosis method and system (車道線定位故障診斷方法和系統)	Company	Invention	ZL202311831362.0	2043-12-28
10	High-precision positioning jump joint fault diagnosis method and vehicle positioning control system (高精定位跳變聯合故障診斷方法和車輛定位控制系統)	Company	Invention	ZL202311788336.4	2043-12-25
11	High-precision positioning fault diagnosis method and system based on risk level assessment (基於風險等級評估的高精定位故障診斷方法和系統)	Company	Invention	ZL202311842148.5	2043-12-29
12	Torque response control method, device and electronic device under extreme speed of the vehicle loading condition (車輛極速載入工況下扭矩回應控制方法、裝置和電子設備)	Company	Invention	ZL202410052361.4	2044-01-15
13	Power battery temperature regulation method, system, vehicle and equipment (動力電池的溫度調節方法、系統、車輛及設備)	Company	Invention	ZL202311779487.3	2043-12-22
14	Fault warning method and fault warning system for power battery (動力電池的故障預警方法及故障預警系統)	Company	Invention	ZL202311795399.2	2043-12-25
15	Battery pack, control system, vehicle and battery pack control method (電池包、控制系統、車輛及電池包控制方法)	Company	Invention	ZL202311800371.3	2043-12-26
16	A power management method for a domain controller and a domain controller (一種網域控制站的電源管理方法及網域控制站)	Company	Invention	ZL202311559790.2	2043-11-21
17	A method and device for predicting charging time of electric vehicle (一種電動汽車充電時間預測方法及裝置)	Company	Invention	ZL202310215518.6	2043-03-01
18	Accident responsibility determination method, device and related equipment based on EDR data (基於EDR資料的事故定責方法、裝置及相關設備)	Company	Invention	ZL202310201100.X	2043-02-22
19	Following distance adjustment method, device and electronic equipment (跟車時距調整方法、裝置和電子設備)	Company	Invention	ZL202310162220.3	2043-02-21
20	Device testing method, device, computer equipment and storage medium (器件測試方法、裝置、電腦設備和存儲介質)	Company	Invention	ZL202211423684.7	2042-11-15

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
21	A power status management system for a vehicle computer system (一種車機系統的電源狀態管理系統)	Company	Invention	ZL202211502284.5	2042-11-28
22	Automatic parking control method and device (一種自動泊車控制方法及裝置)	Company	Invention	ZL202211345724.0	2042-10-31
23	A power battery pack operating status monitoring system (一種動力電池包的運行狀態監控系統)	Company	Invention	ZL202211376164.5	2042-11-04
24	Method, device, system, equipment and medium for voice changing communication in vehicle cockpit (車載座艙的變聲通話方法、裝置、系統、設備及介質)	Company	Invention	ZL202211259041.3	2042-10-14
25	Inverted cell battery module (電芯倒置式電池模組)	Company	Invention	ZL202210994412.6	2042-08-18
26	Parking control method and device (一種駐車控制方法及裝置)	Company	Invention	ZL202210944118.4	2042-08-05
27	Generator control method and device based on new energy vehicles (基於新能源車輛的發電機控制方法及裝置)	Company	Invention	ZL202210867588.5	2042-07-22
28	Battery safety early warning method and device (電池安全的預警方法及裝置)	Company	Invention	ZL202210879231.9	2042-07-25
29	Vehicle control method, device, electronic device and storage medium (一種車輛控制方法、裝置、電子設備及存儲介質)	Company	Invention	ZL202210917671.9	2042-08-01
30	Pedal-based torque control method, device, computer equipment and storage medium (基於踏板的扭矩控制方法、裝置、電腦設備和存儲介質)	Company	Invention	ZL202210924081.9	2042-08-02
31	Control method and device for bidirectional on-board charger and motor controller integrated device (雙向車載充電機與電機控制器集成設備的控制方法及設備)	Company	Invention	ZL202210826301.4	2042-07-13
32	A battery pack protection structure (一種電池包防護結構)	Company	Invention	ZL202210915915.X	2042-08-01
33	Light processing device, automobile and control method of light processing device (一種光處理裝置、汽車及光處理裝置的控制方法)	Company	Invention	ZL202210797356.7	2042-07-06
34	Optional fast charging method, optional fast charging system and electric vehicle (一種可選快充方法、可選快充系統及電動汽車)	Company	Invention	ZL202210728299.7	2042-06-24
35	Training method, device, equipment and storage medium for preview distance prediction model (預瞄距離預測模型的訓練方法、裝置、設備和存儲介質)	Company	Invention	ZL202210629771.1	2042-06-06
36	Path planning method, device, electronic device and computer readable medium (路徑規劃方法、裝置、電子設備和電腦可讀介質)	Company	Invention	ZL202210640790.4	2042-06-08
37	A method and device for calculating the range of a vehicle door seam line (一種車門分縫線範圍的求解方法及裝置)	Company	Invention	ZL202210617395.4	2042-06-01
38	A method and device for automatic driving positioning based on vector map (一種基於向量地圖進行自動駕駛定位的方法及裝置)	Company	Invention	ZL202210848452.X	2042-07-19
39	Method and device for determining tracking trajectory under lane-free line (一種無車道線下確定跟蹤軌跡的方法及裝置)	Company	Invention	ZL202210642328.8	2042-06-08
40	Automated simulation test system and related equipment for intelligent driving (智慧駕駛的自動化模擬測試系統及相關設備)	Company	Invention	ZL202210741420.X	2042-06-27
41	A speech recognition method, device and computer storage medium (一種語音辨識方法、裝置及電腦存儲介質)	Company	Invention	ZL202210802127.X	2042-07-08
42	Vehicle power domain control system (車輛動力域控制系統)	Company	Invention	ZL202210722759.5	2042-06-21
43	A modal simulation method and system for suspension bracket (一種懸置支架的模態模擬方法及系統)	Company	Invention	ZL202210601540.X	2042-05-30
44	Vehicle curve driving warning method, system, device and computer readable medium (車輛彎道行駛預警方法、系統、裝置和電腦可讀介質)	Company	Invention	ZL202210278029.0	2042-03-21
45	Vehicle lane change warning method, device and computer readable medium (一種車輛變道預警方法、裝置和電腦可讀介質)	Company	Invention	ZL202210278046.4	2042-03-21
46	Hidden door handle assembly, control system and control method (一種隱藏式車門把手總成、控制系統及控制方法)	Company	Invention	ZL202211435604.X	2042-11-16

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
47	Double wishbone suspension mounting structure (一種雙叉臂懸架安裝結構)	Company	Invention	ZL202211007892.9	2042-08-22
48	A method, device, equipment and medium for determining a vehicle following target (一種跟車目標確定方法、裝置、設備及介質)	Company	Invention	ZL202210408078.1	2042-04-19
49	Lane departure warning method, device, electronic device and storage medium (一種車道偏離預警方法、裝置、電子設備及存儲介質)	Company	Invention	ZL202210400169.0	2042-04-15
50	Parking control method, obstacle recognition model training method and device (泊車控制方法、障礙物識別模型訓練方法、裝置)	Company	Invention	ZL202210424499.3	2042-04-21
51	Lane departure intervention method, device, equipment and storage medium (車道偏離干預方法、裝置、設備以及存儲介質)	Company	Invention	ZL202210424301.1	2042-04-21
52	Fast debugging system, method and memory for autonomous driving algorithm development (用於自動駕駛演算法開發的快速調試系統、方法以及記憶體)	Company	Invention	ZL202210672933.X	2042-06-14
53	A kind of intelligent driving system development tool chain system and its operation method (一種智慧駕駛系統開發工具鏈系統及其運行方法)	Company	Invention	ZL202210667699.1	2042-06-14
54	Semantic map construction and positioning method and device for indoor parking lot (室內停車場的語義地圖構建及定位方法和裝置)	Company	Invention	ZL202210343503.3	2042-04-02
55	Point cloud detection model training method, device, electronic device and storage medium (點雲檢測模型訓練方法、裝置、電子設備及存儲介質)	Company	Invention	ZL202210357107.6	2042-04-06
56	Vehicle path planning method and device (一種車輛路徑的規劃方法及裝置)	Company	Invention	ZL202210425612.X	2042-04-22
57	A path navigation method and device based on automatic driving (一種基於自動駕駛的路徑導航方法及裝置)	Company	Invention	ZL202210384709.0	2042-04-13
58	Speed planning method and device for autonomous driving vehicle (自動駕駛車輛的速度規劃方法及裝置)	Company	Invention	ZL202210353297.4	2042-04-06
59	Vehicle control method, device, storage medium and vehicle (車輛控制方法、裝置、存儲介質及車輛)	Company	Invention	ZL202210416666.X	2042-04-20
60	Vehicle operating components, vehicle operating systems and vehicles (車輛的操作元件、車輛的作業系統和車輛)	Company	Invention	ZL202210347521.9	2042-04-01
61	Charging current regulation method, device and electronic equipment (一種充電電流調節方法、裝置及電子設備)	Company	Invention	ZL202210336449.X	2042-03-31
62	A vehicle speed violation monitoring method, device, control device and roadside equipment (一種車速違規監測方法、裝置、控制設備及路側設備)	Company	Invention	ZL202210440864.X	2042-04-25
63	Application management method and system for intelligent driving platform (用於智慧駕駛平臺的應用管理方法及系統)	Company	Invention	ZL202210202007.6	2042-03-03
64	A fast calibration method for AR-HUD (一種用於AR-HUD的快速標定方法)	Company	Invention	ZL202111647331.0	2041-12-30
65	A method for transmitting OTA upgrade package based on one-key-one-secret (一種基於一機一密的OTA升級包傳輸方法)	Company	Invention	ZL202111625596.0	2041-12-28
66	Attention-based text classification method, device and computer-readable medium (基於注意力的文本分類方法、裝置及電腦可讀介質)	Company	Invention	ZL202210208152.5	2042-03-04
67	Imaging method and system based on ARHUD (基於ARHUD的成像方法和系統)	Company	Invention	ZL202210215102.X	2042-03-04
68	Vehicle seat belt control system (一種車輛安全帶控制系統)	Company	Invention	ZL202111342149.4	2041-11-12
69	De-distortion method, device and storage medium for transparent A-pillar curved screen (用於透明A柱曲面螢幕的去畸變方法、裝置及存儲介質)	Company	Invention	ZL202111342153.0	2041-11-12
70	Complex spatial surface mapping method for transparent A-pillar (用於透明A柱的複雜空間曲面映射方法)	Company	Invention	ZL202111342144.1	2041-11-12

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
71	Vehicle active following method and system (車輛主動跟車方法和系統)	Company	Invention	ZL202111345896.3	2041-11-15
72	Control method and system for vehicle delivery (車輛交付的控制方法和系統)	Company	Invention	ZL202111325448.7	2041-11-10
73	A charging management method based on wireless authentication of charging piles (一種基於充電樁無線鑒權的充電管理方法)	Company	Invention	ZL202111115836.2	2041-09-23
74	A method for correcting accidental stepping on accelerator pedal (一種油門踏板誤踩糾正方法)	Company	Invention	ZL202111118311.4	2041-09-24
75	A parameterization method, device and electronic equipment for automated test cases (一種自動化測試用例的參數化方法、裝置及電子設備)	Company	Invention	ZL202111240411.4	2041-10-25
76	A vehicle collision control method and device based on active telescopic movement (一種基於主動式伸縮的汽車碰撞控制方法及裝置)	Company	Invention	ZL202111412350.5	2041-11-25
77	Vehicle air conditioning preprocessing control method and device (車載空調預處理控制方法及裝置)	Company	Invention	ZL202111412382.5	2041-11-25
78	Intelligent curve auxiliary prompting method, device and electronic equipment (一種智慧化彎道輔助提示方法、裝置及電子設備)	Company	Invention	ZL202111240427.5	2041-10-25
79	Method, device and electronic device for reminding car windows to be closed when opening the car door (一種汽車開門時車窗關閉提醒方法、裝置及電子設備)	Company	Invention	ZL202111115379.7	2041-09-23
80	A method, device and electronic equipment for intelligent control of driving mode of extended-range vehicle (一種增程車型駕駛模式智慧控制方法、裝置及電子設備)	Company	Invention	ZL202111115896.4	2041-09-23
81	Automobile distress signal transmission method and device (汽車的求救信號傳遞方法及裝置)	Company	Invention	ZL202111125283.9	2041-09-24
82	Vehicle lane change auxiliary warning method, device, electronic device and storage medium (一種車輛變道輔助預警方法、裝置、電子設備及存儲介質)	Company	Invention	ZL202111240418.6	2041-10-25
83	A method, device and electronic equipment for estimating the life of a new energy vehicle drive motor (一種新能源汽車驅動電機壽命估計方法、裝置及電子設備)	Company	Invention	ZL202110957610.0	2041-08-20
84	A control method for intelligently adjusting the color of vehicle windows (一種智慧調節車窗顏色的控制方法)	Company	Invention	ZL202111115830.5	2041-09-23
85	A method and device for self-learning estimation of the remaining time of slow charging of pure electric vehicles (一種純電動汽車慢充剩餘時間自學習的估算方法及裝置)	Company	Invention	ZL202110957656.2	2041-08-20
86	A method for intelligently charging a vehicle battery (一種車載蓄電池智慧補電方法)	Company	Invention	ZL202111116379.9	2041-09-23
87	A touch and rolling ball combined steering wheel button (一種觸摸加滾球組合式方向盤按鍵)	Company	Invention	ZL202110936556.1	2041-08-18
88	A rocker-type steering wheel button (一種搖桿式方向盤按鍵)	Company	Invention	ZL202110936563.1	2041-08-18
89	Target population identification method, system and readable medium based on stay data (基於停留資料的目標人群識別方法、系統和可讀介質)	Company	Invention	ZL202111341779.X	2041-11-12
90	A torque distribution method for adaptive cruise control of electric vehicles (一種電動汽車自我調整巡航控制的扭矩分配方法)	Company	Invention	ZL202111340757.1	2041-11-12
91	A wheel eyebrow structural part and automobile thereof (一種輪眉結構件及其汽車)	Guangxi Ningda Automobile Technology Co., Ltd. (廣西寧達汽車科技有限公司)	Invention	ZL202011628653.6	2040-12-30

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
92	Vehicle control method, device and system (車輛控制方法、裝置和系統)	Guangxi Ningda Automobile Technology Co., Ltd. (廣西寧達汽車科技有限公司)	Invention	ZL202110017056.8	2041-01-07
93	A parking method and system using ultrasonic radar (一種應用超聲波雷達泊車方法及系統)	Company	Invention	ZL202110088389.X	2041-01-22
94	AVP control method and device based on visual SLAM technology (一種基於視覺SLAM技術的AVP控制方法及裝置)	Company	Invention	ZL202011544031.5	2040-12-24
95	A method for improving motor stator cooling (一種提升電機定子冷卻的方法)	Company	Invention	ZL202110119428.8	2041-04-09
96	A battery structure for inhibiting the spread of thermal runaway of a battery pack (一種抑制電池包熱失控蔓延的電池結構)	Company	Invention	ZL202110313975.X	2041-03-24
97	A method and system for early warning and processing after thermal runaway of a battery pack (一種電池包熱失控發生後的預警及處理方法及系統)	Company	Invention	ZL202110460316.9	2041-04-27
98	Air conditioning filter replacement reminder method (一種空調濾芯更換提醒方法)	Company	Invention	ZL202110118603.1	2041-01-28
99	A method for energy-saving logic design of electric air conditioner (一種電動空調的節能邏輯設計方法)	Company	Invention	ZL202110119426.9	2041-01-28
100	A new type of electronic brake booster (一種新型的電子制動助力裝置)	Company	Invention	ZL202110068444.9	2041-01-19
101	Electric vehicle driving mode control method and device (電動汽車駕駛模式控制方法及裝置)	Company	Invention	ZL202011604879.2	2040-12-30
102	A pure electric vehicle slow charging energy management system and method thereof (一種純電動汽車慢充能量管理系統及其方法)	Company	Invention	ZL202011632739.6	2040-12-31
103	A routing method and routing system based on application method number (一種基於應用方法編號的路由方法及路由系統)	Company	Invention	ZL202011597465.1	2040-12-29
104	Vehicle driving control method and control system (汽車行駛的控制方法和控制系統)	Company	Invention	ZL202111092603.5	2041-09-17
105	Battery pack thermal management device and method (一種電池包熱管理裝置及方法)	Company	Invention	ZL202110313806.6	2041-03-24
106	A shoe fixing device installed on a rear seat (一種安裝於後排座椅的鞋類固定裝置)	Company	Invention	ZL202011415293.1	2040-12-07
107	A control method for automobile air conditioner (一種汽車空調的控制方法)	Company	Invention	ZL202110119619.4	2041-01-28
108	A method for processing air conditioning sensor data (一種空調感測器資料處理方法)	Company	Invention	ZL202110118772.5	2041-01-28
109	Diagnostic system based on Windows general platform (基於Windows通用平臺診斷系統)	Company	Invention	ZL202110120170.3	2041-01-28
110	A quick identification tool for stamping sheet metal deformation (一種快速識別衝壓板料變形輔具)	Company	Invention	ZL201911412787.1	2039-12-31
111	Vehicle assisted driving system based on intelligent drone accompanying system (基於智慧無人機伴隨系統的車輛輔助駕駛系統)	Company	Invention	ZL201911420770.0	2039-12-31
112	An automatic emergency braking control method based on rainfall (一種基於雨量大小的自動緊急制動控制方法)	Company	Invention	ZL201911412592.7	2039-12-31
113	A low-voltage MSD control system for pure electric vehicles (一種純電動汽車低壓MSD控制系統)	Company	Invention	ZL201910930877.3	2039-09-29
114	A high-efficiency heat conversion system suitable for electric vehicles (一種適用於電動車輛的高使用效率熱能轉換系統)	Company	Invention	ZL201910916590.5	2039-09-26
115	A smart PEPS gyro key (一種智慧PEPS陀螺鑰匙)	Company	Invention	ZL201910973892.6	2039-10-14
116	ASN.1 encoding and decoding module, message data encoding and decoding method (一種ASN.1編解碼模組、報文資料編解碼方法)	Company	Invention	ZL201910768505.5	2039-08-20

No.	Patent	Registered Owner	Type	Patent Number	Expiry Date (yyyy-mm-dd)
117	Device and method for updating vehicle controller firmware (一種用於車輛控制器固件更新的裝置及方法)	Company	Invention	ZL201910365775.1	2039-05-05
118	A dynamic wireless intelligent charging system and method for electric vehicles (一種電動汽車動態無線智慧充電系統及方法)	Company	Invention	ZL201910328855.X	2039-04-23
119	Automobile obstacle avoidance prediction system based on cloud computing (基於雲計算的汽車避障預判系統)	Company	Invention	ZL201910366178.0	2039-05-05
120	Intelligent control method and system for AR-HUD display of automobile (一種汽車的AR-HUD顯示的智慧控制方法與系統)	Company	Invention	ZL201911231239.9	2039-12-05
121	A modular UDS diagnostic service configuration method (一種模組化的UDS診斷服務配置方法)	Company	Invention	ZL201910328329.3	2039-04-23
122	A system to improve energy conversion in electric vehicles (一種提高電動汽車能量轉換的系統)	Company	Invention	ZL201910062839.0	2039-01-23
123	A host computer execution method based on UDS diagnosis (一種基於UDS診斷的上位機執行方法)	Company	Invention	ZL201910210944.4	2039-03-20
124	A parallel refresh method based on vehicle Ethernet (一種基於車載乙太網的並行刷新方法)	Company	Invention	ZL201910323774.0	2039-04-22
125	Control and protection method for electric vehicles during neutral coasting (電動車輛在空擋滑行時的控制保護方法)	Company	Invention	ZL201810363130.X	2038-04-21
126	BMS multifunctional integrated power management circuit (BMS多功能集成電源管理電路)	Company	Invention	ZL201810363145.6	2038-04-21
127	Multi-color charging display device (多色充電顯示裝置)	Company	Invention	ZL201810245323.5	2038-03-23
128	Car automatic following unmanned driving intelligent control system (汽車自動跟隨無人駕駛智慧控制系統)	Company	Invention	ZL201711426695.X	2037-12-25
129	A BMS multifunctional integrated high voltage monitoring system (一種BMS多功能集成高壓監測系統)	Company	Invention	ZL201711426750.5	2037-12-25
130	Pure electric vehicle charging port cover push-type secondary opening mechanism (純電動汽車充電口蓋按壓式二次開啟機構)	Company	Invention	ZL201711062597.2	2037-11-02
131	Automobile brake disc structure (一種汽車制動盤結構)	Company	Invention	ZL201710991943.9	2037-10-23
132	A test bench for electric vehicle hub motor (一種電動汽車輪轂電機試驗台架)	Company	Invention	ZL201710992301.0	2037-10-23
133	Remote driving monitoring system and method (一種遠端行車監控系統及方法)	Company	Invention	ZL201710740237.7	2037-08-25
134	A PTC power management system for electric vehicles (一種電動汽車用PTC電源管理系統)	Company	Invention	ZL201710656852.X	2037-08-03
135	A PTC heating drive system for electric vehicles (一種電動汽車用PTC加熱驅動系統)	Company	Invention	ZL201610491451.9	2036-06-29
136	A side door anti-collision structure for improving vehicle side collision performance (一種提升車輛側碰性能的側門防撞結構)	Company	Invention	ZL201610484868.2	2036-06-28
137	A method for accurately generating a route for driverless cars (一種適用於無人駕駛汽車的行進路線精准生成方法)	Company	Invention	ZL201610226020.X	2036-04-13

(c) Copyrights

As at the Latest Practicable Date, we had registered the following computer software copyrights which we consider to be material to our Group's business:

No.	Copyright	Version	Registered Owner	Registration Number	Registration Date (yyyy-mm-dd)
1.	Neta Android Software [Abbreviation: Neta] (哪吒汽車Android版軟件[簡稱:哪吒汽車])	V1.0	Shanghai Nezha Juxing Information Technology Co., Ltd. (上海哪吒聚行信息科技技術有限公司)	2023SR0236172	2023-02-14

No.	Copyright	Version	Registered Owner	Registration Number	Registration Date (yyyy-mm-dd)
2.	Neta iOS Software [Abbreviation: Neta] (哪吒汽車iOS版軟件[簡稱:哪吒汽車]	V1.0	Shanghai Nezha Juxing Information Technology Co., Ltd. (上海哪吒聚行信息科技技術有限公司)	2023SR0236156	2023-02-14

As at the Latest Practicable Date, we had registered the following copyrights in the nature of works which we consider to be material to our Group's business:

No.	Copyright	Registered Owner	Registration Number	Registration Date (yyyy-mm-dd)
1.	Fountain Logo Series (噴泉標系列作品)	Company	2022-F-10073914	2022-04-08
2.	Neta English Logo NETA Series (哪吒汽車英文NETA系列作品)	Company	2023-F-00058475	2023-04-06

(d) Domain Names

As of the Latest Practicable Date, we owned the following domain names in the PRC which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date (yyyy-mm-dd)
1.	hozonauto.com	Company	2026-01-06

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

1. Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters

Each of the Directors and Supervisors [entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors and Supervisors

Save as disclosed in the sections headed "Directors, Supervisors and Senior Management" and under "Accountants' Report — Notes to the Historical Financial Information — Benefits and Interests of Directors" in Appendix I in this document, no Director or Supervisor received other remuneration or benefits in kind from our Company in respect of each of the years ended December 31, 2021, 2022 and 2023.

3. Disclosure of Interests

***Interests and Short Positions of our Directors and Supervisors in the Registered Capital of our Company or our Associated Corporations following Completion of the* [REDACTED]**

Immediately following completion of the [**REDACTED**] (assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised), the interests or short positions of our Directors, Supervisors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the 'Model Code for Securities Transactions by Directors of Listed Issuers' contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

Name of Director	Nature of interest	Number of Shares(1)	Approximate percentage of issued H Shares following the completion of the [REDACTED](1) (%)
Dr. Fang(2)(3)	Beneficial owner	[20,000,000] H Shares	[**REDACTED**]
	Interest in controlled corporations(2)	[335,526,442] H Shares	[**REDACTED**]
	Interest of a party to an agreement regarding interest in our Company(3)	[575,370,276] H Shares	[**REDACTED**]

Notes:

(1) The calculations are made assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised.

(2) As of the Latest Practicable Date, Shanghai Zheao is directly owned as to approximately 58.41% by Dr. Fang. Each of Tibet Zheao and Tongxiang Investment is a wholly owned subsidiary of Shanghai Zheao. The managing partner of Zhonghe is Shanghai Zheao. The managing partner of each of Youwei and Taohan is Tibet Zheao, which was wholly owned by Shanghai Zheao. The managing partner of each of Zhehui and Yingtong is Dr. Fang. Under the partnership agreement of Yingtong, Youwei, Taohan, Zhonghe and Zhehui and the Partnership Enterprise Law of China, the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the partnership. Therefore, Dr. Fang as (i) the managing partner of Yingtong and Zhehui; (ii) the ultimate majority shareholder of Shanghai Zheao, which is the managing partner of Zhonghe; and (iii) the ultimate majority shareholder of Shanghai Zheao, being the parent company of Tibet Zheao, which is the managing partner of Youwei and Taohan, is deemed to be interested in the Shares held by each of the Dr. Fang Controlled Entities.

(3) Shanghai Zheao and Dr. Fang entered into the AIC Arrangements with the Relevant Shareholders, namely, Yichun Jinhe, Yichun Chuangyuan, Yichun No. 1, Yichun Xinhe, Lotus-born, Jiaxing Xinzhu, Jiaxing Xinsong and Yichun Jinyuan Investment. All the AIC Arrangements share similar arrangements. Each Relevant Shareholder, on the one hand, and Shanghai Zheao and Dr. Fang on the other, agreed that, upon becoming a shareholder of our Company (save for certain reserved matters in the case of Yichun Jinhe, Yichun Chuangyuan

and Yichun No. 1), the Relevant Shareholder and the Director(s) appointed by the Relevant Shareholder shall act in concert with and exercise their voting rights in accordance with the instructions of Dr. Fang (and Shanghai Zheao) and the directors appointed by Dr. Fang (and Shanghai Zheao) at both shareholders' meetings and board meetings of our Company. See "History and Corporate Structures — AIC Arrangements" for details of the AIC Arrangements. Each of the AIC Arrangements shall become effective from the date of signing and shall be effective for an indefinite period until respective Relevant Shareholder (and its controlling entities) ceases to be a shareholder of our Company. Pursuant to the AIC Arrangements, each of Dr. Fang and Shanghai Zheao is entitled to exercise control over the voting rights of all the shares held by each of the Relevant Shareholders, being 575,370,276 Shares in aggregate. Accordingly, Dr. Fang and Shanghai Zheao is deemed to be interested in the Shares held by each of the AIC shareholders.

Interests and Short Positions Disclosable under Divisions 2 and 3 of Part XV of the SFO

For information, so far as is known to our Directors or chief executive, of each person, other than our Directors, Supervisors or chief executive, who immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) will have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see "Substantial shareholders".

4. Employee Incentive Schemes

The following is a summary of the principal terms of the Employee Incentive Schemes approved and adopted by our Board in July 2017 and by the extraordinary general meeting of the Shareholders in January 2019 and September 2021, respectively, and as amend from time to time (collectively, the "**Schemes**"). The terms of the Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as all awards granted pursuant to the Schemes have been vested to 589 participants and no new option or awards will be granted by our Company under the Schemes after the [**REDACTED**]. As of the Latest Practicable Date, there are no unvested awards and no outstanding Shares underlying any awards granted under the Schemes. Therefore, none of the awards or options granted under the Schemes will have dilutive effect on the shareholding of the Company upon [**REDACTED**].

Number of underlying Shares subject to the Schemes

As of the Latest Practicable Date, the Company had established four Employee Incentive Platforms, namely Zhehui, Youwei, Taohan and Yingtong. The four Employee Incentive Platforms, in aggregate, held [172,526,442] Shares, representing approximately [6.08]% of the aggregate amount of the Shares in issue immediately before the completion of the [**REDACTED**] and approximately [**REDACTED**] of our total issued share capital immediately upon completion of the [**REDACTED**] (assuming none of the Convertible Bonds are converted into H Shares and the [**REDACTED**] is not exercised). For the details of the Employee Incentive Platforms, see "History and Corporate Structure — Employee Incentive Platforms".

Objectives

The purpose of the Schemes is to build an incentive mechanism for the core employees of our Company, raising the competitiveness of our Company in the labour market. The Schemes also serve the purpose of attracting, stabilizing and recruiting future senior management.

Participants

Pursuant to the scheme documents and the award agreements, participants of the Schemes include our Company's core employees and senior management members. A list of grantees under the Schemes is not disclosed as there are no outstanding Shares underlying any awards granted under the Schemes.

Voting rights attached to the awards

The managing partner of each of Youwei and Taohan is Tibet Zheao, which is wholly owned by Shanghai Zheao. As of the Latest Practicable Date, Shanghai Zheao was directly owned as to approximately 58.41% by Dr. Fang. The managing partner of each of Zhehui and Yingtong is Dr. Fang. Under the partnership agreement of Yingtong, Youwei, Taohan and Zhehui and the Partnership Enterprise Law of China and as advised by the PRC Legal Adviser, the managing partner of such limited partnership is the ultimate decision-maker in relation to the partnership's overall management and operations and no other partners shall operate the partnership. Therefore, Dr. Fang as (i) the managing partner of Yingtong and Zhehui; (ii) the ultimate majority shareholder of Shanghai Zheao, being the parent company of Tibet Zheao, which is the managing partner of Youwei and Taohan, is deemed to have control over each of Yingtong, Youwei, Taohan and Zhehui. Thus, in effect, all management powers and voting rights of the Employee Incentive Platforms reside with Dr. Fang. None of the selected participants have any voting rights in our Company.

The selected participants were granted awards in the form of economic interest in the Employee Incentive Platforms by way of restricted share units or options. The selected participants are limited partners of the relevant Employee Incentive Platform. Upon becoming the limited partner of the Employee Incentive Platforms, the selected participants indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

Administration of the Schemes

On and subject to the limitations and conditions of the Schemes, the list of participants, the number of awards to be granted, the grant price and the lock-up period shall be determined by the Board. After the Board has decided to make a grant of awards to any participant, the participant and the Company shall enter into a share incentive agreement, which sets out the number of awards so granted and the conditions (if any) upon which such awards were granted and the lock-up period.

Restrictions on Disposals

Pursuant to the terms of the Schemes, the selected participants may not dispose of, transfer, pledge or otherwise encumber his or her interest in the limited partnership before the [**REDACTED**]. Subject to certain restrictions under the Schemes, the grantees may transfer his or her interest in the limited partnership after [**REDACTED**].

5. Disclaimer

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) there are no commissions (but not including commission to [**REDACTED**]) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company; and

(ii) there are no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts received any such payment or benefit.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares in our Company or any member of our Group;

(ii) none of the Directors or the experts named in the part headed "— Other Information — Consent of Experts" above has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;

(iv) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;

(v) there are no outstanding debentures of our Company or any member of our Group;

(vi) there are no other stock exchange on which any part of the equity or debt securities of our Company is [**REDACTED**] or on which [**REDACTED**] is being or is proposed to be sought;

(vii) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option; and

(viii) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and each of the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$500,000 to act as the sponsors of our Company in connection with the proposed [**REDACTED**] on the Stock Exchange.

4. Consent of Experts

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Morgan Stanley Asia Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contract), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO for Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
ABCI Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CMB International Capital Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Grandall Law Firm (Shanghai)	Qualified PRC lawyers
Grandall Law Firm (Beijing)	Qualified PRC lawyers on data compliance matters
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50 of Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588 of Laws of Hong Kong)
China Insights Consultancy Limited	an independent professional market research and consulting company

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Promoters

The promoters of our Company comprised all of the then 50 Shareholders of our Company as of February 2, 2023 before our conversion into a joint stock company with limited liability.

The promoters of our Company are as follows:

1. Shanghai Zheao
2. Zhonghe
3. Dr. Fang
4. Youwei
5. Taohan
6. Yingtong
7. Zhehui
8. Yichun Jinhe
9. Yichun Chuangyuan
10. Yichun No.1
11. Nanning Fund
12. Liuzhou Minsheng
13. Huading Fund
14. Chengdu Hongjing
15. Beijing Hongjin Yuantu

16. Jiaxing Xinsong

17. Jiaxing Xinzhu

18. Lotus-born

19. Yichun Xinhe

20. Tongxiang Runhe

21. Hongli Zhihui Group Co., Ltd. (鴻利智匯集團股份有限公司)

22. Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司)

23. Zhejiang Zhehua Investment Co., Ltd. (浙江浙華投資有限公司)

24. Henan Zhong Ye Environmental Protection Technology Co., Ltd. (河南中業環保科技有限公司)

25. Lhasa Zhixing Innovation Technology Co., Ltd. (拉薩知行創新科技有限公司)

26. Zhang Haixia (張海霞)

27. Jiangyin Xinchanghong Electric Technology Co., Ltd (江陰市新昶虹電力科技股份有限公司)

28. Citic Securities Investment Co., Ltd. (中信證券投資有限公司)

29. Jianyin International Capital Management (Tianjin) Co., Ltd. (建銀國際資本管理(天津)有限公司)

30. Hangzhou Fanen Equity Investment Partnership (Limited Partnership) (杭州範恩股權投資合夥企業(有限合夥))

31. Jilin Zhishun New Energy System Co., Ltd. (吉林省智順新能源系統有限公司)

32. Shenwan Hongyuan New Value Balance Fund SPC (申萬宏源新價值平衡基金)

33. Shanghai Puke Xinneng Private Investment Fund Partnership (Limited Partnership) (上海普科新能私募投資基金合夥企業(有限合夥))

34. Gongqingcheng Muhua No. 2 Equity Investment Partnership (Limited Partnership) (共青城慕華二號股權投資合夥企業(有限合夥))

35. Gongqingcheng Xuanyaosheng Equity Investment Partnership (Limited Partnership) (共青城烜曜晟股權投合夥企業(有限合夥))

36. Zibo Zhenwei Jingxing Venture Capital Management Partnership (Limited Partnership) (淄博真為景行創業資管理合夥企業(有限合夥))

37. Beijing Jianxin Environmental Investment Fund Partnership (Limited Partnership) (北京建信環境投資基金(有限合夥))

38. Changzhou Ruiliang Venture Capital Partnership (Limited Partnership) (常州瑞良創業投資合夥企業(有限合夥))

39. Xinche Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司)

40. Hainan Kaixian Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (海南開弦零碳股權投資基金合夥企業(有限合夥))

41. Changzhou Hongtu Taiyi Venture Capital Partnership (Limited Partnership) (常州紅土太乙創業投資合夥企業(有限合夥))

42. Zibo Youbo New Power Equity Investment Partnership (Limited Partnership) (淄博友博新勢力股權投資合夥企業(有限合夥))

43. Anhui Qianhai Fangzhou Intelligent Vehicle Investment Fund Partnership (Limited Partnership) (安徽前海方舟智能車投資基金合夥企業(有限合夥))

44. Jiaxing Dianxin Equity Investment Partnership (Limited Partnership) (嘉興典芯股權投資合夥企業(有限合夥)),

45. Shenzhen Jingcheng Open Enterprise Management Center (Limited Partnership) (深圳精誠開闊企業管理中心(有限合夥))

46. Beijing Hongying Enterprise Management Partnership (Limited Partnership) (北京洪盈企業管理合夥企業(有限合夥))

47. Insight Capital IX Limited (瑞豐資本有限公司)

48. Guangzhou Jifu Qiming Venture Capital Partnership (Limited Partnership) (廣州吉富啟明創業投資合夥企業(有限合夥))

49. Yangtze River Delta (Hefei) Digital Economy Equity Investment Fund Partnership (Limited Partnership) (長三角(合肥)數字經濟股權投資基金合夥企業(有限合夥))

50. Beijing Jianxin Environmental Investment Fund (Limited Partnership) (北京建信環境投資基金(有限合夥))

Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7. Bilingual Prospectus

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in the section headed "Statutory and general information — Other information — Consent of experts" in Appendix VI; and

(b) copies of the material contracts referred to in the section headed "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix VI.

B. DOCUMENTS AVAILABLE FOR ONLINE DISPLAY

Electronic copies of the following documents will be available for inspection at the website of the Stock Exchange at **www.hkexnews.hk** and our website at [**www.hozonauto.com**] including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix VI;

(c) the service contracts and the letters of appointment referred to in the section headed "Statutory and General Information — Further information about our Directors and Supervisors — Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters" in Appendix VI;

(d) the industry report issued by China Insights Consultancy Limited, a summary of which is set forth in "Industry Overview" in this Document;

(e) the PRC legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Adviser on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;

(f) the PRC data compliance legal opinion issued by Grandall Law Firm (Beijing), our PRC Data Compliance Legal Adviser on PRC law, in respect of data compliance of our Group in the PRC;

(g) the Accountant's Report and the report on the unaudited [**REDACTED**] financial information of our Group prepared by PricewaterhouseCoopers, the texts of which are set out in the section headed "Accountant's Report" in Appendix I and "Unaudited [**REDACTED**] Financial Information" in Appendix II, respectively;

(h) the audited consolidated financial statements of our Company for each of the years ended December 31, 2021, 2022 and 2023;

(i) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translation; and

(j) the written consents referred to in "Statutory and General Information — Other information — Consent of experts" in Appendix VI.