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Application Proof of



CiDi Inc.

希迪智駕（湖南）股份有限公司
(the “Company”)

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

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CiDi Inc.

希迪智駕（湖南）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 adjustment)
Number of [REDACTED] : [REDACTED] H Shares (subject to adjustment and the [REDACTED])
[REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

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



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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than [REDACTED] (Hong Kong time). The [REDACTED] will be no more than HK\$[REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed by [REDACTED] (Hong Kong time) between the [REDACTED] (on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

Applicants for [REDACTED] may be required to pay, on [REDACTED] (subject to [REDACTED] channels), the [REDACTED] of HK\$[REDACTED] for each [REDACTED] together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] as finally determined is less than HK\$[REDACTED] (subject to [REDACTED] channels).

The [REDACTED] behalf of the [REDACTED], and with our consent may, where considered appropriate, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that is stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. Such notices will also be available on the website of our Company at www.cidi.ai and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See “[REDACTED]” of this Document.

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. Investors should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their investment decisions. In addition, our Company is a Pre-Commercial Company (as defined in Chapter 18C of the Listing Rules). Pre-Commercial Companies are Specialist Technology Companies that cannot meet the revenue requirement as set out in Rule 18C.03(4), and so are subject to a higher risk of corporate failure if they are unable to secure sufficient external funding and/or cannot generate sufficient revenue to sustain their operations after [REDACTED].

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to subscribe for or buy any security other than the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an [REDACTED] to sell or a solicitation of an [REDACTED] to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document 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 authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not included in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors or advisors, or any other person or party involved in the [REDACTED]. Information contained on our website, located at www.cidi.ai, does not form part of this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this Document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole Document before you decide to invest in the [REDACTED]. In particular, we are a specialist technology company seeking to [REDACTED] on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. In addition, we have incurred operating loss since our inception, and we may incur adjusted net loss (non-IFRS measure) and operating loss for the foreseeable future. We had negative net cash flow generated from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your investment decision should be made in light of these considerations.

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” in this Document. You should read that section carefully in full before you decide to invest in the [REDACTED].

OVERVIEW

We are a leading provider of autonomous driving technology for commercial vehicles in China. We focus on the research and development of autonomous mining and logistics trucks, V2X technologies and high-performance perception solutions, and offer cutting-edge products and solutions underpinned by proprietary technologies. According to CIC:

- We are the only major autonomous driving company to commercialize solutions for closed environments, urban roads and intercity roads in China.
- We delivered 56 autonomous mining trucks for a mining site in China in mixed traffic with ~500 manned trucks, the world’s largest mixed-operation mining fleet.
- We delivered the first fully driverless electric mining fleet in China.
- We ranked first in China’s autonomous mining market in terms of revenue in the six months ended June 30, 2024.
- We are among the first autonomous driving companies in China to launch commercial V2X products.
- Our train autonomous perception system (TAPS) is the only product in China capable of independent safety perception¹.

¹ Without relying on existing railway signaling systems or additional track-side devices.

SUMMARY

Drawing upon innovative methodology and full-stack technology capabilities, we developed products and solutions encompassing (i) autonomous driving technologies, delivering autonomous mining trucks and logistics trucks; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high-performance perception solutions, adapting autonomous driving technology to rail transit and commercial vehicles.

Our pioneering full-stack autonomous mining solution, METAMINE, automates labor-intensive mining operations by integrating our proprietary algorithms with widely-used autonomous driving hardware for commercial vehicles, enabling autonomous operation and remote monitoring of driverless mining trucks. A challenging but critical process in autonomous mining is deploying driverless mining trucks alongside existing human-driven vehicles at mining sites, as it is costly and often impractical to transition to fully autonomous mining operations within a short timeframe. Leveraging proprietary fleet management and coordination technology, we delivered the world’s largest driverless mining fleet operating with manned vehicles, according to CIC. Our autonomous mining trucks also significantly boosted mining efficiency to 104% of that of human-driven mining trucks¹, as certified by the National Institute of Metrology of China (NIM) in 2022, making us the first and only autonomous driving company in China to achieve such efficiency as of the Latest Practicable Date, according to CIC.

Our unique business strategy and full-stack technological prowess made us a market leader in mass commercialization. Our initial focus on core autonomous driving functions for commercial vehicles fortified our competitive edge. Subsequently, we expanded and tailored our offerings to cater to more diverse and sophisticated demands, delivering unique value to customers across sectors and forming close collaborations with strategic partners, such as leading automotive OEMs, machinery manufacturers and energy companies. Our loyal customer base further solidifies our technological leadership and brand influence. We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. As of September 30, 2024, we delivered 123 autonomous mining trucks and received indicative orders for 320 autonomous mining trucks and 206 sets of standalone autonomous truck systems.

Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. Our gross profit increased from RMB6.8 million in the six months ended June 30, 2023 to RMB44.4 million in the six months ended June 30, 2024.

¹ The efficiency test compared nine of our driverless mining trucks to nine human-driven trucks (with drivers working 8-hour shifts), all operating for 16 hours daily under otherwise the same conditions.

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The table below sets forth our revenue breakdown in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Autonomous driving	6,803	8.8	27,998	90.2	74,418	56.1	17,536	38.8	156,043	60.4
V2X.	70,582	91.2	3,058	9.8	36,812	27.8	20,846	46.2	74,237	28.7
High-performance perception	—	—	—	—	21,374	16.1	6,758	15.0	28,181	10.9
Total	77,385	100.0	31,056	100.0	132,604	100.0	45,140	100.0	258,461	100.0

OUR OFFERINGS

During the Track Record Period, we engaged in the sales of autonomous driving, V2X and high-performance perception products and solutions, all of which fall within an acceptable sector of a Specialist Technology Industry, including Electric and Autonomous Vehicles and Advanced Transportation Technology under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules. We adopted a transaction-based model for our products and solutions.

Autonomous Driving

Our autonomous driving solutions include (i) full-stack autonomous mining solution and (ii) autonomous logistics truck solution. Our revenue from autonomous driving solutions increased from RMB6.8 million in 2021 to RMB74.4 million in 2023, and further from RMB17.5 million in the six months ended June 30, 2023 to RMB156.0 million in the six months ended June 30, 2024.

METAMINE — Full-stack Autonomous Mining Solution

Our full-stack autonomous mining solution, METAMINE, aims to enable the driverless, intelligent operations of key processes in mining including drilling, blasting, excavation and haulage.

Our METAMINE solution comprises (i) driverless mining trucks equipped with our proprietary autonomous truck system, realizing driverless loading, haulage and unloading processes for enhanced operational efficiency; (ii) fleet management system, managing loading, haulage and unloading processes in the mining area and facilitating efficient scheduling and

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collaboration among vehicles; (iii) central coordination platform, enabling monitoring and coordination of the entire mining operation; and (iv) teleoperation station, enabling remote operation of excavators and other high-skill maneuvers.

Autonomous Logistics Truck Solution

Our autonomous logistics truck solution is designed to enable safe, reliable, stable and efficient driverless heavy-duty logistics in closed and semi-enclosed environments such as factories and logistics parks. It aims to promote the development of autonomous logistics and accelerate the formation of “new quality productive forces” in the logistics industry.

Our autonomous logistics truck solution offers similar fundamental functionalities to our autonomous mining solution such as autonomous vehicle control and decision-making as well as coordination and planning, while adapting to specific demands of logistics scenarios such as cargo handling requirements, navigating challenging conditions of industrial parks and adapting to mixed traffic scenarios with pedestrians and other vehicles.

V2X

Our V2X products and solutions for intelligent transportation integrate advanced perception technologies, sensor fusion algorithms, V2X communication capabilities and traffic optimization algorithms to exchange information between traffic participants (including pedestrians, non-motorized vehicles and connected vehicles) and roadside infrastructure at urban intersections or roads. Our products and solutions not only monitor vehicle speeds, trajectories and traffic conditions but also detect different kinds of traffic events, such as traffic accidents, illegal parking, wrong-way driving, slow-moving vehicles and traffic congestion.

By linking infrastructures within cities, our V2X solutions make intelligent predictions and decisions for both urban and highway traffic. They integrate vehicles, roadside infrastructures and cloud platforms to build robust network computing capabilities, thereby facilitating the advancement of intelligent transportation systems and smart cities. Our solutions enhance road safety and enable coordinated traffic perception, dynamic traffic light timing, traffic flow analysis and congestion alerts.

High-Performance Perception

Our high-performance perception solutions include (i) the train autonomous perception system and (ii) in-vehicle intelligent safety management solution for commercial vehicles.

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Train autonomous perception system (TAPS)

The rail transit industry has a pressing need for trains to possess active perception capabilities. TAPS is a new generation of active safety system for trains that applies autonomous driving technology for heavy-duty trucks to rail transit scenarios, leveraging fusion perception technology to fully utilize the detection capabilities of LiDAR, cameras and mmWave radars, enabling autonomous train speed measurement, positioning and active obstacle detection capabilities.

In-vehicle intelligent safety management solution

Leveraging high-performance intelligent connected devices, our in-vehicle intelligent safety management solution for commercial vehicles reduces driving risks by delivering multi-dimensional visual data through a comprehensive and accurate data analysis platform. Additionally, it offers full-process operation management services to enhance safety management standards.

COMMERCIALIZATION

We started to commercialize autonomous driving technology for commercial vehicles in 2018, and were one of the earliest among industry peers in China to do so, according to CIC. We began mass production of our V2X products and solutions in 2019 and implemented V2X projects in five out of seven national-level V2X pilot zones in China. We began mass production of our METAMINE and autonomous logistics truck solutions in 2022 and delivered 123 autonomous mining trucks to customers as of September 30, 2024. We began mass production of our TAPS and in-vehicle intelligent safety management solution in 2023 and delivered 80 units and 5,351 units, respectively, to customers as of June 30, 2024.

The following table illustrates the key commercialization timeline of our major products, reflecting our continuous application of advanced technologies:

<u>Specialist Technology Products</u>	<u>Launch</u>	<u>Start of Revenue Generation</u>	<u>Mass Production</u>
V2X products and solutions	March 2018	December 2018	2019
METAMINE	June 2020	September 2021	2022
Autonomous logistics truck solution	February 2021	September 2021	2022

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<u>Specialist Technology Products</u>	<u>Launch</u>	<u>Start of Revenue Generation</u>	<u>Mass Production</u>
TAPS	March 2022	February 2023	2023
In-vehicle intelligent safety management solution	October 2022	June 2023	2023

OUR STRENGTHS

We believe that the following strengths contribute to our leading market position, ensuring our success and distinguishing us from our competitors:

- Leading Provider of World-Class Autonomous Commercial Vehicle Technology
- Cutting-edge R&D and Comprehensive Technological Prowess
- Proven Commercial Success in Domestic Markets with Global Outlook
- Evolving Ecosystem Built with Trusted Partners along Industry Value Chain
- Esteemed Management Fostering Homegrown Talent Pool with Product-Oriented Culture

OUR STRATEGIES

We plan to implement the following strategies to achieve our mission:

- Continually Invest in Autonomous Driving Technology and Enhance Product Competitiveness
- Expand Sales and Form Lasting Strategic Partnerships
- Expand Global Presence and Market Share
- Attract and Retain Top Talent Globally
- Selectively Engage in Investments, Mergers and Strategic Partnerships

SUMMARY

RESEARCH AND DEVELOPMENT

Our R&D team’s expertise spans across AI, computer science, robotics and vehicle engineering, among others, enabling interdisciplinary development and application. Leveraging comprehensive technological prowess, we developed proprietary algorithms, software, subsystems and modules encompassing all aspects of autonomous driving, enabling us to develop industry-leading products and solutions and making us the first and only in the industry to boost driverless mining efficiency to 104% of that of human-driven mining trucks, according to CIC.

As of June 30, 2024, we had a total of 244 R&D personnel, constituting 57.3% of our workforce. We strategically deployed R&D teams in Changsha, Chongqing and Chengdu to collaborate closely with customers in different regions while also attracting top talents across various regions. Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Our core R&D team members have an average of more than 15 years of experience in engineering, with domestic or overseas working experience in reputable technology companies. Our total research and development expenses during the Track Record Period amounted to RMB347.7 million.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and knowhow related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid and enforceable intellectual property rights of third parties. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of infringement of third parties’ intellectual property rights.

As of the Latest Practicable Date, we had 532 patent applications and 325 registered patents in the PRC, including 135 invention patents, 107 utility patents and 83 design patents. As of the same date, we also had 72 software copyrights and 262 registered trademarks in the PRC. In addition, we had three registered patents and two trademarks overseas as of the Latest Practicable Date.

We acquire patents through self-development. As of the Latest Practicable Date, with respect to our specialist technology products, we self-owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

SUMMARY

CUSTOMERS AND SUPPLIERS

We adopt a direct sales model. Our major customers include commercial vehicle manufacturers, construction and energy companies, providers of autonomous driving and V2X technologies and providers of transportation services. Revenue generated from our largest customer for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 82.9%, 78.4%, 31.2% and 58.9%, respectively, of our revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 89.2%, 96.7%, 64.1% and 97.5%, respectively, of our revenue during those periods.

We sometimes may partner with financial leasing companies to offer alternative financing solutions to customers who require assistance with their capital needs. See “Business — Customers — Finance Lease Arrangements.”

Our major suppliers include technology and machinery companies, as well as construction companies for the construction of our offices, buildings, facilities and equipment during the Track Record Period. Charges from our largest supplier for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 37.4%, 13.7%, 30.7% and 65.8%, respectively, of our total purchase amount during those periods. Charges from our five largest suppliers for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 54.9%, 43.8%, 46.1% and 79.3%, respectively, of our total purchase amount during those periods.

COMPETITIVE LANDSCAPE

China’s commercial vehicle autonomous driving market is relatively fragmented. We primarily compete with existing companies and new entrants in the autonomous mining, V2X and high-performance perception sectors. Although we believe that we have market-leading technology, we may face competition from a range of companies which may possess more resources and skills in design, development, manufacturing and sales. See “Risk Factors — Risks Relating to Our General Operations — The industries that we operate in are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.”

SUMMARY

According to CIC, we were the second largest commercial vehicle autonomous driving technology company in China in terms of revenue in the six months ended June 30, 2024. We believe that we are strategically well-positioned in our market, and we compete favorably with others based on our comprehensive technological prowess, advanced full-stack in-house R&D capabilities, strong ecosystem partnerships and commercialization capabilities to attract and retain customers and expand our market share.

See “Industry Overview” for details.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. We believe the most significant risks we face include but are not limited to the following:

- If we are unable to develop new products and solutions that adapt to changing market demand and customer needs in a cost-effective and timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.
- We have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.
- Autonomous driving is an emerging technology, and we face significant technical challenges to develop and commercialize our technology.
- We have a limited track record in commercialization in a new and rapidly evolving industry and there can be no assurance that our sales and marketing efforts will succeed.
- Dependency on third-party suppliers to manufacture, assemble and test our products reduces our control over product quantity and quality, and could harm our business.
- We may not be able to obtain or maintain adequate intellectual property rights protection for our product and solution, or the scope of such intellectual property rights protection may not be sufficiently broad.
- We may not be able to obtain additional capital when desired, on favorable terms or at all.

SUMMARY

- The industries that we operate in are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

See “Risk Factors” for details.

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, namely Prof. Li, NovoDriv HK, NovoDriv Limited, Changsha Gangwan, Dongguan Intelligence, CWB Startup HK and Changsha Shengyu, were entitled to exercise 43.64% of the voting rights in our Company as of the Latest Practicable Date and [REDACTED]% of the voting rights in our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised). For further details, see “Relationship with our Controlling Shareholders”.

PRE-[REDACTED] INVESTMENTS

Since the inception of our Group and up to the Latest Practicable Date, we have conducted eight rounds of Pre-[REDACTED] Investments. See “History and Corporate Structure — Pre-[REDACTED] Investments” for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountant’s Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

SUMMARY

Selected Items from the Consolidated Statements of Profit or Loss

The following table sets forth selected items from our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentage)									
	(Unaudited)									
Revenue	77,385	100.0	31,056	100.0	132,604	100.0	45,140	100.0	258,461	100.0
Cost of sales	(51,763)	(66.9)	(37,051)	(119.3)	(105,781)	(79.8)	(38,346)	(84.9)	(214,082)	(82.8)
Gross profit/(loss)	25,622	33.1	(5,995)	(19.3)	26,823	20.2	6,794	15.1	44,379	17.2
Selling expenses	(17,473)	(22.6)	(23,148)	(74.5)	(31,404)	(23.7)	(16,124)	(35.7)	(23,611)	(9.1)
General and administrative expenses	(56,471)	(73.0)	(68,969)	(222.1)	(97,827)	(73.8)	(42,122)	(93.3)	(56,070)	(21.7)
Research and development costs	(111,451)	(144.0)	(110,507)	(355.8)	(90,396)	(68.2)	(41,580)	(92.1)	(35,339)	(13.7)
Finance costs — net	(58,489)	(75.6)	(96,684)	(311.3)	(112,921)	(85.2)	(53,927)	(119.5)	(63,246)	(24.5)
Loss before income tax	(211,819)	(273.7)	(302,874)	(975.3)	(290,136)	(218.8)	(139,677)	(309.4)	(133,471)	(51.6)
Income tax credit	32,275	41.7	39,877	128.4	35,057	26.4	16,636	36.9	10,904	4.2
Loss for the year/period.	(179,544)	(232.0)	(262,997)	(846.8)	(255,079)	(192.4)	(123,041)	(272.6)	(122,567)	(47.4)

Non-IFRS Financial Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure that we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

SUMMARY

We define adjusted net loss for the periods as net loss for the periods adjusted by adding back: (i) share-based compensation, (ii) financial cost on financial instruments with preferred rights at amortized cost and (iii) [REDACTED] expenses. The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is net loss for the periods:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
Net loss for the year/period	(179,544)	(262,997)	(255,079)	(123,041)	(122,567)
Add:					
— Share-based compensation ⁽¹⁾	—	—	—	—	—
— Financial cost on financial instruments with preferred rights at amortized cost	65,540	104,136	117,528	57,604	63,119
— [REDACTED] expenses ⁽²⁾	—	—	—	—	—
Adjusted net loss for the year/period <i>(non-IFRS measure)</i>	<u>(114,004)</u>	<u>(158,861)</u>	<u>(137,551)</u>	<u>(65,437)</u>	<u>(59,448)</u>

Notes:

- (1) Share-based compensation relates to the non-cash employee benefit expenses incurred in connection with our award to management and key employees.
- (2) [REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED].

SUMMARY

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Current assets				
Inventories	77,214	123,465	174,227	115,568
Trade and notes receivables	5,340	30,772	58,680	87,383
Prepayments and other receivables	37,338	56,082	90,426	87,471
Cash and cash equivalents	500,789	381,678	234,663	331,979
Total current assets	637,521	653,218	753,317	682,614
Current liabilities				
Trade and notes payables	21,708	41,530	70,689	52,709
Contract liabilities	18,198	46,757	86,124	70,552
Borrowings	—	44,606	123,834	103,086
Other payables and accruals	89,376	76,728	106,465	78,080
Total current liabilities	140,018	216,125	394,844	326,202
Net current assets	497,503	437,093	358,473	356,412
Non-current assets				
Property, plant and equipment	222,683	331,756	332,792	320,098
Deferred tax assets	77,375	117,252	152,318	163,222
Total non-current assets	433,749	690,587	554,864	560,205
Non-current liabilities				
Financial instruments with preferred rights at amortized cost	1,264,220	1,625,922	1,766,025	1,829,144
Total non-current liabilities	1,270,172	1,729,597	1,770,333	1,896,180
Net liabilities	338,920	601,917	856,996	979,563

SUMMARY

Selected Items from the Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>			(Unaudited)	
Net cash used in operating activities . . .	(201,675)	(203,053)	(196,761)	(82,273)	(42,481)
Net cash generated from/(used in)					
investing activities	(71,685)	(302,384)	58,972	637	104,878
Net cash generated from/(used in)					
financing activities	574,886	386,326	(9,226)	(36,823)	34,919
Cash and cash equivalents at beginning					
of year	199,263	500,789	381,678	381,678	234,663
Cash and cash equivalents at end of					
 year	500,789	381,678	234,663	263,219	331,979

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) purchase of property, plant and equipment, (iii) purchase of intangible assets, (iv) repayment of lease liabilities, (v) interest paid on lease liabilities and (vi) interest paid on bank borrowings. Our historical cash burn rate was RMB31.9 million, RMB29.5 million, RMB20.1 million, RMB10.0 million and RMB4.1 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, mainly representing our investment in R&D activities. We had cash and cash equivalents, financial assets at fair value through profit or loss, term deposits, restricted bank deposits and unutilized bank facilities of RMB446.0 million as of June 30, 2024. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this Document. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in 2023, based on the underlying assumptions that (i) the number of our employees will not increase significantly, particularly in the R&D department; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions of fixed assets, we estimate that our cash and cash equivalents, financial assets at fair value through profit or loss, term deposits, restricted bank deposits and unutilized bank facilities as of June 30, 2024 will be able to maintain our financial viability for [22] months or, if we take in to account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings.

SUMMARY

BUSINESS SUSTAINABILITY

We have experienced robust business growth during the Track Record Period. As we have been focusing on growing our customer base via developing our proprietary technologies and commercializing such technologies into our product and solution offerings rather than seeking immediate financial returns or profitability, we laid a solid foundation for long-term sustainability. Despite our continued increase in customer base, we may continue to incur net losses and net operating cash outflow in the foreseeable future.

During the Track Record Period, we engaged in the sales of autonomous driving solutions, V2X products and solutions and high-performance perception solutions, all of which are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. Our revenues increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. Therefore, as confirmed by the auditor and reporting accountants of the Company, we will be able to qualify as a commercial company in 2024 by achieving the revenue requirement as set out in Rule 18C.03(4). Benefiting from the solid foundation we have built and the momentum we have seized, we believe that we are able to maintain sustainability and growth of our business. See “Business — Business Sustainability.”

Key Financial Ratios

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2021	2022	2023	2024
Gross profit margin (%) ⁽¹⁾	33.1	(19.3)	20.2	17.2
Adjusted net loss margin (non-IFRS measure) (%) ⁽²⁾	(147.3)	(511.5)	(103.7)	(23.0)
Current ratio ⁽³⁾	4.6	3.0	1.9	2.1
Quick ratio ⁽⁴⁾	4.0	2.5	1.5	1.7
Cash ratio ⁽⁵⁾	3.6	1.9	0.6	1.0

Notes:

- (1) Gross profit/(loss) margin equals gross profit/(loss) divided by revenue and multiplied by 100%.
- (2) Adjusted net margin equals adjusted net loss margin for the year/period (non-IFRS measure) divided by revenue for the year/period and multiplied by 100%. The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the IFRS.

SUMMARY

- (3) Current ratio equals current assets divided by current liabilities as of the same date.
- (4) Quick ratio equals current assets less inventories divided by current liabilities as of the same date.
- (5) Cash ratio equals the sum of cash and cash equivalents and financial assets at fair value through profit or loss recorded as current assets divided by the total current liabilities as of the same date.

[REDACTED]

The statistics in the following table are based on the assumption that the [REDACTED] has been completed and [REDACTED] H Shares are issued pursuant to the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
Market capitalization of our H Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Market capitalization of our Shares ⁽²⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per H Share ⁽³⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalization is based on the [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The calculation of market capitalization is based on the [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets per H Share is arrived at after making the adjustments referred to in Appendix II to this document.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses. We expect to incur [REDACTED] expenses of

SUMMARY

approximately RMB[REDACTED], of which approximately RMB[REDACTED] is expected to be recognized in the consolidated statements of profit or loss as general administrative expenses and approximately RMB[REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in [2024]. By nature, our [REDACTED] expenses are comprised of (i) [REDACTED] related expenses of approximately RMB[REDACTED], and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED].

FUTURE PLANS AND USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for our research and development in the next five years, including:
 - o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the R&D team of our next-generation autonomous driving platform;
 - o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the integration of software, hardware and algorithms of our next-generation autonomous driving platform;
 - o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the R&D team of our V2X and a high-performance perception upgrading;
 - o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the upgrading of our R&D software and hardware equipment.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for improvement our commercialization capabilities in China and overseas and further strengthening our cooperation with domestic and global customers, including:
 - o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enhancement of sales and marketing capabilities and delivery capabilities;

SUMMARY

- o Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enhancing the international footprint.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for potential investment, and merger and acquisition opportunities aimed at further integrating upstream and downstream resources in the industrial chain.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be employed as working capital and for general corporate uses.

See “Future Plans and Use of [REDACTED]” for details.

DIVIDENDS AND DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business footprint continued to expand subsequent to the Track Record Period. After we completed delivery of 56 autonomous mining trucks for the world’s largest mixed-operation mining fleet, we received additional indicative orders for 310 autonomous mining trucks and 174 sets of standalone autonomous truck systems in the third quarter of 2024, indicating strong potential for revenue growth.

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since June 30, 2024 (being the date of our latest audited financial statements) and there has been no event since June 30, 2024 which would materially affect the information shown in the Accountant’s Report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions shall have the following meanings.

“Accountant”	BDO Limited
“Accountant’s Report”	the report of the Accountant as set out in “Appendix I — Accountant’s Report” of this document
“affiliate”	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
“Articles” or “Articles of Association”	the articles of association of our Company, adopted on [•] with effect from the [REDACTED], a summary of which is set out in Appendix VI to this document
“Audit Committee”	the audit committee of our Company, the details of which are described in “Corporate Information” in this document
“Board” or “Board of Directors”	the board of directors of our Company
“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

[REDACTED]

“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Changsha CiDi Construction”	Changsha CiDi Intelligent Construction Co., Ltd. (長沙希迪智慧建築有限責任公司), a company established under the laws of the PRC with limited liability on July 29, 2019, our direct non-wholly owned subsidiary

DEFINITIONS

“Changsha Gangwan”	Changsha Gangwan Investment Partnership (Limited Partnership) (長沙港灣投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 25, 2017 and one of our Controlling Shareholders
“Changsha Shengyu”	Changsha Shengyu Private Equity Fund Enterprise (Limited Partnership) (長沙晟譽私募股權基金企業(有限合夥)), a limited partnership established under the laws of the PRC on March 1, 2018 and one of our Controlling Shareholders
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this document and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“CIC” or “Industry Consultant”	China Insights Industry Consultancy Limited, an independent market research consultant, which is an Independent Third Party
“CiDi Chengdu”	CiDi Smart Driving (Chengdu) Technology Co., Ltd. (希迪智駕(成都)科技有限公司), a company established under the laws of the PRC with limited liability on April 1, 2022, our direct wholly-owned subsidiary
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“Company”, “our Company” or “the Company” or “we” or “us”	CiDi Inc. (希迪智駕(湖南)股份有限公司), established as a limited liability company in the PRC on October 16, 2017
“Compliance Advisor”	Ping An of China Capital (Hong Kong) Company Limited
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Prof. Li, NovoDriv HK, NovoDriv Limited, Changsha Gangwan, Dongguan Intelligence, CWB Startup HK and Changsha Shengyu

DEFINITIONS

“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CWB Startup HK”	CWB Startup Invest HK Limited, a company incorporated in Hong Kong with limited liability on March 17, 2016 and one of our Controlling Shareholders
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange
“Dongguan Intelligence”	Dongguan Wanqu Intelligence Technology Co., Ltd. (東莞灣區智能科技有限公司), a company established under the laws of the PRC with limited liability on July 31, 2017 and one of our Controlling Shareholders
“Dr. Ma”	Dr. Ma Wei (馬濰), our co-founder, executive Director and vice chairman
“Experts”	the experts set out in “Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications of Experts” of this document
“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
“FINI”	“Fast Interface for New Issuance”, the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the [REDACTED]
“Full Circulation Application”	the conversion of [REDACTED] Domestic Unlisted Shares into H Shares on a one-for-one basis upon completion of the [REDACTED]

DEFINITIONS

[REDACTED]

“Group,” “our Group,” “the Group,” “we,” “us” or “our”	the Company and its subsidiaries or, where the context so 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
“Guide”	Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“H Share(s)”	overseas [REDACTED] foreign share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be [REDACTED] and [REDACTED] Hong Kong dollars and for which an application has been made for the granting of [REDACTED] and permission to [REDACTED] in on the Stock Exchange
“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors”

China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited and Ping An of China Capital (Hong Kong) Company Limited

“Latest Practicable Date”

November 1, 2024, being the latest practicable date for ascertaining certain information in this document before its publication

[REDACTED]

DEFINITIONS

“Listing Committee” the Listing Committee of the Hong Kong Stock Exchange

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“M&A Rules” Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by the MOFCOM, the SASAC, the STA, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009

“Main Board” the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange

“MOF” the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)

“MOFCOM” Ministry of Commerce of the PRC (中華人民共和國商務部)

“NDRC” the 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)

“NIM” the National Institute of Metrology, China (中國計量科學研究院)

“Nomination Committee” the nomination committee of our Company, the details of which are described in “Corporate Information” in this document

DEFINITIONS

“NovoDriv Chongqing”	New Drive Chongqing Intelligent Vehicle Co., Ltd. (新驅動重慶智能汽車有限公司), a company established under the laws of the PRC with limited liability on May 29, 2020, our direct wholly-owned subsidiary
“NovoDriv HK”	NovoDriv (HK) Limited Partnership, a limited partnership registered under the laws of Hong Kong on August 11, 2017 and one of our Controlling Shareholders

[REDACTED]

“Ordinary Shares” or “Shares” ordinary shares in the share capital of the Company

[REDACTED]

DEFINITIONS

[REDACTED]

“Pathfinder SII(s)”	has the meaning ascribed to it in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
“PRC Legal Advisor”	Zhong Lun Law Firm, the PRC legal advisor to our Company
“Pre-Commercial Company”	has the meaning ascribed to it in Chapter 18C of the Listing Rules
“Pre-[REDACTED] Investments”	the Pre-[REDACTED] investments in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments” in this Document
“Pre-[REDACTED] Investors”	the investor(s) who participated in our Pre-[REDACTED] Investments, details of which are set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments” in this Document

DEFINITIONS

[REDACTED]

“Prof. Li”	Professor Li Zexiang (李澤湘教授), our founder, chairman of the Board and non-executive Director
“Remuneration Committee”	the remuneration committee of our Company, the details of which are described in “Corporate Information” in this document
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”, or formerly known as “SAIC”	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), formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“Securities and Futures (Stock Market Listing) Rules”	the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of our Shares

DEFINITIONS

[REDACTED]

“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“State Council”	the PRC State Council (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance
“Supervisor(s)”	member(s) of Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“TCC”	TCC Group Holdings Co., Ltd., formerly known as Taiwan Cement Corporation, an Independent Third Party
“Tianjin CiDi”	Tianjin CiDi Intelligent Network Technology Co., Ltd. (天津希迪智能網聯技術有限公司), a company established under the laws of the PRC with limited liability on December 14, 2020, our direct wholly-owned subsidiary
“Track Record Period”	the period comprising the three years ended December 31, 2023 and the six months ended June 30, 2024

[REDACTED]

“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

DEFINITIONS

“US\$”, “USD” or “U.S. dollars” United States dollars, the lawful currency for the time being of the United States

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For the ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“AD”	advanced autonomous driving, a technology that enables vehicles to operate itself in certain or all conditions
“AI”	artificial intelligence, a field of research in computer science focused on creating systems capable of performing tasks that typically require human intelligence
“Automatic Emergency Braking” or “AEB”	a system which can automatically detect a potential forward collision and activate the vehicle braking system to decelerate a vehicle with the purpose of avoiding or mitigating a collision
“automotive OEM”	the original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle
“autonomous”	when describing mining or logistics trucks, means that the vehicle has reached AD level, where it can perceive its environment, make decisions and control its movements without human intervention
“AUTOSAR”	Automotive Open System Architecture, an open and standardized global software architecture for automotive electronic control units developed by leading automotive manufacturers and suppliers
“BEV”	bird’s-eye view, an elevated view of an object or location from a very steep viewing angle, creating a perspective as if the observer were a bird in flight looking downwards
“BVR” or “beyond-line-of-sight”	in vehicle perception, refers to the ability of a vehicle to detect and respond to objects or hazards that are beyond the immediate line of sight using advanced sensing technologies such as radar, LiDAR and V2X communication

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“CCC”	China Compulsory Certificate, a certification of product quality and safety
“CIP” or “cooperative intersection passing”	a scenario where vehicles are coordinated to move through intersections safely and efficiently, preventing collisions and optimizing traffic flow
“CVM” or “cooperative vehicle merge”	a scenario where vehicles are coordinated for safe and efficient on-ramp merging
“C-ITS group standards”	Cooperative Intelligent Transport Systems group standards that aim to enhance road safety, traffic efficiency and environmental sustainability by facilitating Vehicle-to-Vehicle and Vehicle-to-Infrastructure communications
“C-V2X”	Cellular Vehicle-to-Everything, referring to the low-latency communication system between vehicles and vehicles, vehicles and pedestrians, vehicles and road infrastructure, and vehicles and networks
“deep learning”	a machine learning technique that constructs artificial neural networks with multiple layers to extract features from the raw input
“drive-by-wire”	a design where vehicle functions such as steering, braking and acceleration are electronically controlled via commands sent through electronic interfaces, replacing the traditional manual controls such as pedals or levers operated by the hand and foot
“DMS”	Driver Monitoring System, a vehicle safety system to monitor the driver’s alertness and warn the driver if needed and eventually apply the brakes
“DSRC”	dedicated short-range communications, a wireless communication protocol enabling vehicles to communicate with each other and with roadside infrastructures
“edge”	hardware or service that brings computation and data storage closer to where the data is produced

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“electrification”	in the automotive industry, refers to the process of powering the vehicle by electricity, replacing vehicle components that operate on a conventional energy source
“EN50126:2017”	a European standard for the reliability, availability, maintainability and safety of railway systems
“EN50128:2011”	a European standard for the software used in railway control and protection systems
“EN50129:2018”	a European standard that focuses on the safety related electronic systems for signaling in the railway sector
“factory-installed autonomous perception system”	Autonomous perception system that is installed by the manufacturer (in contrast to the autonomous perception system that may be installed by the owner or the dealer)
“full-stack”	in terms of autonomous driving, the capability to design and develop a complete set of subsystems to enable unmanned, intelligent operations
“GNSS”	Global Navigation Satellite System, a collective term for a series of satellite navigation systems that provides global positioning, speed, time and other related information
“HLW” or “hazardous location warning”	a safety alert transmitted between vehicles and infrastructure to notify drivers of potentially dangerous road conditions or areas, such as accidents, construction zones, or adverse weather, enhancing drivers’ situational awareness and preventing collisions
“IATF 16949”	a technical specification aimed at the development of a quality management system which provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process
“IMU”	Inertial Measurement Unit, referring to an electronic device that measures the vehicle’s acceleration, orientation, angular rates and other gravitational force, providing data for navigation and positioning

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“IPU”	Intelligent Processing Unit, referring to an on-board computing device capable of enabling various intelligent functionalities
“ISO”	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
“ISO 14001”	an internationally recognized standard for Environmental Management System published by the ISO
“ISO 45001”	an internationally recognized standard for Occupational Health and Safety Management Systems published by the ISO
“ISO 9001”	an internationally recognized standard for Quality Management Systems published by the ISO
“km/h”	kilometer per hour
“latency”	the delay between the transmission of data and its reception or processing
“LDW” or “lane departure warning”	a mechanism designed to warn the driver when the vehicle begins to move out of its lane (unless a turn signal is on in that direction) on freeways and arterial roads
“LiDAR”	a remote sensing device that uses light from a laser to measure the relative spatial positions of objects
“mass production”	a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency
“MEC” or “multi-access edge computing”	a network architecture that brings computing of traffic and storage closer to end-users, reducing latency and enabling real-time applications by deploying resources at the edge of the network

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“metaverse”	refers to the convergence of physical, augmented and virtual reality in a shared online space
“mmWave radar”	millimeter wave radar, referring to the radar that uses millimeter wave frequencies to detect objects in real-time, providing information from four dimensions including their range, azimuth, elevation and velocity
“ms”	milliseconds
“multi-agent system”	a system composed of multiple interacting intelligent agents that can communicate, cooperate or compete to achieve collective goals, which are difficult for an individual agent to solve
“neural network”	in the context of AI, refers to a machine learning algorithm or model that mimics the human brain
“new engineering education transformation”	a program launched by the Massachusetts Institute of Technology (MIT) that redefines undergraduate engineering education through interdisciplinary, project-based learning, preparing students to solve complex, real-world problems in specialized tracks such as autonomous machines and climate & sustainability systems
“new quality productive forces”	referring to productivity led by technological innovation that breaks away from the traditional mode of economic growth and development pathway
“NIM”	National Institute of Metrology
“OBU”	on-board unit, referring to a device installed on vehicles enabling V2X communication and supporting V2X applications
“perception”	in autonomous vehicles, refers to the ability of vehicles to perceive and understand its environment, process and interpret data from sensors and base decisions on this knowledge
“R&D”	research and development

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“redundancy”	referring to employing two or more parallel systems, sensors or components that perform the same or similar functions to ensure that the vehicle can continue to operate safely in the event of partial failure
“RSU”	roadside unit, referring to device installed on the roadside enabling V2X communication and supporting V2X applications
“RTK system”	Real-Time Kinematic Positioning system, referring to a high-precision GNSS technology that collects and process signals from GNSS satellites to provide real-time accurate
“sensor”	a device, module, machine, or subsystem whose purpose is to detect events or changes in its environment and send the information to other electronics, frequently a computer processor
“sensor fusion”	the comprehensive analysis of data and information from multiple sensors to reduce uncertainty, resulting in more precise, comprehensive and reliable information
“SIL2”	safety integrity level 2, the moderate level in the safety integrity level classification system that evaluates the safety performance of safety-related equipment, with SIL 4 being the most stringent
“SIL4”	safety integrity level 4, the highest level in the safety integrity level classification system, standing for low probability of failure and rigorous safety assurance processes
“T/CSAE 53-2017 standard”	the standard specifying the terms and definitions of the application layer of the cooperative intelligent transportation system, vehicle communication system, as well as the data set and data interaction standards and interface specifications

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“teleoperation station”	a system that allows operators to monitor and control the vehicle or equipment from a distance, providing operators with real-time data, video feeds and the ability to intervene during the operation
“TOPS”	tera operations per second, a unit used to measure the computational power of processors
“track-side devices”	any devices installed alongside the railway tracks, serving a specific function relating to train operations, including signals, switches, sensors and communication systems
“TSP” or “Transit Signal Priority”	a system that enables communication between transit vehicles and traffic signals to optimize signal timing, giving priority to public transportation at intersections
“V2I”	vehicle-to-infrastructure, referring to wireless communication technology between OBUs and RSUs
“V2V”	vehicle-to-vehicle, referring to wireless information exchange and communication technology between OBUs, enabling real-time sharing of driving data such as speed, position and direction to enhance road safety and traffic efficiency
“V2X”	vehicle-to-everything, referring to the communication between a vehicle and any entity that may affect, or may be affected by, the vehicle
“VRUCW” or “vulnerable road user collision warning”	a system that alerts drivers to the presence of vulnerable road users, such as pedestrians, cyclists and motorcyclists, in the vehicle’s path or vicinity, helping to prevent collisions by enhancing driver awareness
“WDW” or “wrong-way driving warning”	a scenario where drivers and surrounding vehicles are alerted when a vehicle is traveling in the wrong direction on a roadway

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- general political and economic conditions, including those related to the PRC;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate;

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- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

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 headed “Forward-Looking Statements” in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the research and development of our products and solutions; (ii) risks relating to the commercialization of our products and solutions; (iii) risks relating to the manufacturing of our products; (iv) risks relating to our intellectual property rights; (v) risks relating to our financial condition and need for additional capital; (vi) risks relating to our general operations; (vii) risks relating to conducting business in the PRC; and (viii) risks relating to the [REDACTED].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS AND SOLUTIONS

If we are unable to develop new products and solutions that adapt to changing market demand and customer needs in a cost-effective and timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our future business, results of operations, financial condition and competitive position depend on our ability to develop new and enhanced autonomous driving products and solutions for commercial vehicles that incorporate and integrate the latest technological advancements in sensing and perception technologies, software and hardware, and camera, radar, LiDAR, AI and deep learning technologies to satisfy evolving customer demands, regulatory requirements and

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industry standards. Autonomous driving is an emerging technology, and we may encounter significant unexpected technical and production challenges, or delays in completing the development of new and enhanced products and solutions and ramping up production in a cost-efficient manner, which require us to invest significant resources in R&D and also require that we:

- design innovative, accurate, and safety- and efficiency-enhancing functions that differentiate our products and solutions from those of our competitors;
- continuously improve the reliability of our autonomous driving, V2X and high-performance perception technologies;
- cooperate effectively on new designs and development with our customers, suppliers and partners;
- respond effectively to technological changes and product announcements by our competitors; and
- adjust to changing customer requirements, market conditions, and regulatory standards quickly and cost-effectively.

If there are delays in, or if we fail to complete when expected or at all, the development of new and enhanced products and solutions, we may not be able to satisfy our customers' requirements, achieve additional sales to existing or new customers, or achieve broader market acceptance of our products and solutions, and our business, results of operations, financial condition and competitive position would be materially and adversely affected.

We have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position. We have been investing heavily in our R&D efforts. Our research and development expenses amounted to RMB111.5 million, RMB110.5 million, RMB90.4 million, RMB41.6 million and RMB35.3 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources,

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in R&D to make technological advances in order to expand our offerings and make our products and solutions innovative and competitive in the market. As a result, we may continue to incur significant R&D expenses in the future.

In addition, to enhance our market position, we expect to incur significant capital expenditures for R&D of new products and solutions, purchase of property, plant and equipment and purchase of intangible assets. Our capital expenditures were RMB162.1 million, RMB153.4 million, RMB30.4 million and RMB0.6 million in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. See “Financial Information — Capital Expenditures.”

However, inherent risk exists for such significant R&D expenditures and capital expenditures as our investment may not succeed or generate the benefits that we expect. Development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources, including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, our short-term cash flow and liquidity may be adversely affected, and we may still encounter practical difficulties in commercializing our development results. New technologies could render our technologies, our technological infrastructure or products and solutions that we are developing, or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenues, profitability and market share. In addition, regulatory authorities may subject us to new rules or restrictions in response to our innovations that could increase our expenses or prevent us from successfully commercializing new products, solutions or technologies.

Our R&D efforts may not contribute to our future results of operations for several years, if at all, and such contributions may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR PRODUCTS AND SOLUTIONS

Autonomous driving is an emerging technology, and we face significant technical challenges to develop and commercialize our technology.

The autonomous driving industry is rapidly evolving. The industry faces a significant number of technical and commercial challenges, including an expectation for outperforming manned operations in terms of both efficiency and safety, large funding requirements, long vehicle development lead times, specialized skills and expertise requirements of personnel, evolving regulatory frameworks, a need to build public trust and brand image, and real-world operation of

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an entirely new technology. If we are not able to overcome these challenges, our business, prospects, financial condition and results of operations will be negatively impacted and our ability to create a viable business may not materialize at all.

The future commercial success of our products will depend on the degree of their market acceptance among customers. Given that our development and sales cycles can be long and unpredictable, and we have limited track record of commercializing our products and solutions, the future commercial success of our products and solutions is subject to inherent uncertainties. Market acceptance of autonomous driving solutions and products depends upon many factors, including regulatory requirements, evolving safety standards, costs and technological advancement. Market acceptance of autonomous driving solutions and products may also be adversely affected by safety incidents involving autonomous driving solutions and products, even if the incidents do not involve our solutions and products. Market acceptance of our solutions and products also depends on the ability of market participants, including us, to resolve technical challenges for increasingly complex autonomous driving solutions and products in a timely and cost-effective manner. We cannot assure you that we will be able to adjust to changing market or regulatory conditions quickly or cost-effectively. If we fail to do so, our business, results of operations and financial condition will be adversely affected.

We have a limited track record in commercialization in a new and rapidly evolving industry and there can be no assurance that our sales and marketing efforts will succeed.

We are a development-stage company with a limited operating history since 2017. Therefore, we have a limited track record in developing, commercializing and marketing of our products and solutions. Our ability to successfully commercialize our products and solutions may involve more uncertainties, take longer, and cost more than it would if we were a company with a longer track record in launching and marketing. In particular, the commercialization of new products and solutions requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees in our commercialization team who have, among other things, adequate technical knowledge to communicate effectively with potential customers, sufficient experience in sales and marketing of products and solutions, and extensive industry connections and experience. We may not be able to scale up rapidly enough to generate significant revenue, raise additional capital or operate profitably. We will continue to encounter risks and difficulties frequently experienced by companies at an early stage of commercialization, including marketing our products and services, scaling up our operation and headcount, and may incur unforeseen expenses, difficulties, or delays in connection with our growth.

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Due to our limited track record in commercialization of our products and solutions, there can be no assurance that our efforts to market and sell our products and solutions will succeed, that the sales results of our products and solutions will meet our forecast, or that third parties will deploy and utilize our products and solutions effectively and meet overall user experience. We may invest significant effort from the time of our initial contact with a customer to the time when they choose to purchase or incorporate our products and solutions into their vehicles or systems. We could expend significant resources pursuing, but fail to achieve, customer orders for our products and solutions. Even after achieving customer orders, the period of time from product design to mass production may be long and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation. In addition, we may experience launch and production ramp delays for new products and features. Any of the above individually or collectively, would materially and adversely affect the commercialization of our products and solutions or cause us to incur sales and marketing expenses which we are not able to recover, and, in turn, materially and adversely affect our business and results of operations.

We depend on growth in the end markets that adopt our products. Any slowdown in the growth of these end markets could adversely affect our business, financial condition and results of operations.

We primarily provide autonomous driving products and solutions to customers operating across various industries, including mining, transportation and rail transit. As such, the demand for our products and solutions is closely linked to the market development and growth within these end markets, which, in turn, depends on the respective demand for products in these markets. In addition, our products and solutions can be assembled and integrated into the machinery, equipment and product offerings of our customers. The product life cycle of the machinery, equipment and product offerings of our customers will also have a corresponding effect on the demand for our products and solutions.

Factors affecting our end markets are beyond our control. If any factor occurs in the future which results in material slowdown of any or all of our major end markets, or the growth of our end markets is not sustained, our business, financial condition, results of operations and prospects may be materially and adversely affected. For example, if future demands for mining-related products decrease for any reason, our customers in the mining sector may experience a corresponding decrease in demand for their products, which in turn may materially reduce demand for our products and solutions and materially and adversely affect our business, results of operations and financial condition.

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Our customers may not purchase our products and solutions in any certain quantity and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation.

When customers choose our products or solutions, we typically receive preliminary estimates of their anticipated order volumes, while such estimates may be revised significantly by the customer, potentially multiple times, and may not be representative of future order volumes, which could be significantly higher or lower than estimated. The period of time from product design to mass production is long and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation. As a result, obtaining indicative orders is not a guarantee of revenue. If the sales results of our products and solutions for which we obtain indicative orders do not meet our forecast, our business, results of operations and financial condition would be materially and adversely affected.

The sales results of our products and solutions will partially depend on effective deployment and operation by third parties on, and overall user experience of, the commercial vehicles.

The sales results of our products and solutions will partially depend on our customers and partners effectively deploying and operating our products and solutions on vehicles, roads, systems in the future, and their failure to do so may result from factors beyond our control. Our products and solutions are technologically complex, incorporate many technological innovations, and are typically subject to significant safety testing, and customers generally must devote significant resources to test and validate our products and solutions before operating and deploying them. This results in our investment of resources prior to realizing any revenue. For example, some of our products and solutions control various vehicle functions including engine, transmission, safety, steering, navigation and braking, and therefore must be integrated effectively with the other systems of the vehicle developed by the customers, and we may be unable to achieve the requisite level of interoperability in a vehicle model for our solutions to be implemented even after we enter into collaboration with the customer. Despite effective deployment and operation, the vehicle models integrated with our products and solutions may generate poor sales results due to poor overall user experience of the vehicle models, which, in turn, affect the sales results of our products and solutions.

Furthermore, we have specifically engineered our autonomous driving products and solutions for commercial vehicles with technology to provide a superior ability to sense, predict, and react to real-world driving situations. Our proprietary AI and perception capabilities are specifically engineered to meet the demands of commercial trucks. In certain instances, these protections may cause the vehicle to behave in ways that are unfamiliar to drivers of non-autonomous driving trucks. There can be no assurance that our users will be able to properly adapt to the different operation processes for our autonomous commercial trucks. For example, they may not be able to

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adapt their business processes to address activities such as the dispatching of trucks, pre-trip inspections, remote monitoring, and truck maintenance. Any accidents resulting from such failure to operate our autonomous commercial trucks properly could harm our brand and reputation, result in adverse publicity, and product liability claims, and have a material adverse effect on our business, prospects, financial condition and operating results.

A substantial amount of our revenue is attributable to a limited number of customers in each period, and such amount may fluctuate in any given period.

Our major customers include manufacturers of commercial vehicles, construction and energy companies, providers of autonomous driving and V2X technologies and providers of transportation services. Revenue generated from our largest customer for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 82.9%, 78.4%, 31.2% and 58.9%, respectively, of our revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 89.2%, 96.7%, 64.1% and 97.5%, respectively, of our revenue during those periods. Given the project-based nature of our business, we derive a substantial portion of revenue from a limited number of customers during each year or period. Our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers during the given year or period. Further, the amount of revenue attributable to any single major customer, or our major customer concentration generally, may fluctuate in any given period, which may affect our business, financial condition and results of operations.

If we are unable to retain existing customers, acquire new customers, and increase revenue from our customer base, our financial condition and results of operations would be materially and adversely affected.

Our ability to retain existing customers, attract new ones, and expand the scope of solutions and products that our customers utilize is critical to our revenue growth. Our customer engagement may decrease for a variety of reasons, including their level of satisfaction with our products and services, our pricing and the pricing and quality of competing products or services, overall economic conditions, or changes to our customers’ operations. If we are unable to encourage customers to contract and use our products and solutions, anticipate changing industry trends, enhance our offerings, innovate and develop new products and solutions that meet our customers’ evolving needs, and expand our operations into new markets, we may not be able to attract and acquire new customers. Our success will depend on our ability to continue to expand our sales capabilities to widen our customer base. If we are unable to attract, motivate and retain a sufficient number of qualified sales and marketing personnel to support our business, the commercialization of our products and solutions and our ability to attract new customers may be adversely affected.

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The loss of a significant number of customers, or a decline in their growth rate, could have a material adverse effect on our business, financial condition, results of operations and prospects. The growth of our business depends in part on existing customers continuing or expanding their use of our products and solutions. However, our customers have no obligation to continue to use our products and solutions, and we cannot assure you that they will. If we are unable to retain customers and maintain their continued or broadening use of our products and solutions, or if there is a decline in our customers’ business performance, our growth may slow or decline, and our business may be materially and adversely affected.

Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

As we continue to grow our customer base, we need to be able to continue to provide efficient customer support and maintenance services that meet our customer demand at scale. We may not be able to recruit or retain sufficient qualified support personnel with experience in supporting customers of our products and solutions. As a result, we may be unable to timely respond to accommodate short-term increases in customer demand for technical support or maintenance assistance. We also may be unable to modify the future scope of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. Any failure to maintain high-quality maintenance and support services would harm our business. If we experience increased customer demand for support and maintenance, we may face increased costs that might harm our results of operations. Any delays in adding servicing capacity or servicing our vehicles efficiently, unforeseen issues with the reliability of our vehicles or failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business. Our ability to attract new customers is highly dependent on our business reputation and positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services, or any market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

The size of our addressable markets and the demand for our products and solutions may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, financial condition and prospects.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological and regulatory changes, and it is difficult to predict the timing and size of the opportunities for each of our products and solutions. See “— Risks Relating to Our General Operations — The industries that we operate in are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.”

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Our future financial performance will depend on our ability to make timely investments in the correct market opportunities. If one or more of these markets experience a shift in customer or prospective customer demand, then our products and solutions may not compete as effectively, if at all, and they may not be incorporated into commercialized end customer products. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our products and solutions or the future growth of the markets in which we operate. The addressable markets for our products and solutions may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we estimate, and our future business, results of operations and financial condition may be materially and adversely affected. Even if the markets in which we operate grow substantially, there is no guarantee that demand for our products and solutions will correlate with that growth if we fail to effectively pursue such opportunities. There is also no guarantee that our business will be successful simply because of the future addressable markets of our products and solutions, or because of the trends of the addressable markets of our products and solutions. If demand does not develop or if we cannot accurately forecast customer demand, then the size of our markets, inventory requirements or our future business, results of operations and financial condition would be adversely affected.

RISKS RELATING TO THE MANUFACTURING OF OUR PRODUCTS

Dependency on third-party suppliers to manufacture, assemble and test our products reduces our control over product quantity and quality, and could harm our business.

We engage third-party suppliers for components and parts required in the manufacturing of our products. We also collaborate with contract manufacturers for the manufacturing, assembly and testing of our vehicles and other products. If we are unable to maintain our contractual relationships with such third parties, or if we are unable to continue using or obtaining these services on commercially reasonable terms, we may not be able to secure alternatives in a timely manner or at all, which may, in turn, materially and adversely affect our business, results of operations, financial condition and competitive position. We also face several risks which could adversely affect our ability to meet customer demand and scale our supply chain, negatively impact longer-term demand for our products and services, and adversely affect our business operations, gross margin, revenue and financial results, including:

- failure by our contract manufacturers to procure raw materials or to provide adequate levels of manufacturing or test capacity for our products;
- reliance on a single or limited suppliers and manufacturers;

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- limited number of suppliers available to choose from as a result of international trade policies and sanctions. See “— Risks Relating to Our General Operations — We may be subject to risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.”;
- loss of a supplier and additional expense and/or production delays as a result;
- lack of direct control over product quantity, quality and delivery schedules;
- suppliers or their suppliers failing to supply high-quality products and/or making changes to their products without our qualification;
- delays in product shipments, shortages, a decrease in product quality and/or higher expenses in the event our suppliers prioritize our competitors’ or other customers’ orders over ours;
- fraudulent or illegal activities or other misconduct by suppliers. See “ — Risks Relating to Our General Operations — Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.”;
- low manufacturing yields resulting from a failure in our product design or a contract manufacturer’s production process; and
- disruptions in manufacturing, assembly and other processes due to closures related to natural disasters or other incidents.

A significant disruption in our supply chain that affects the manufacturing or sourcing of our products or components for any reason, including those mentioned above, could interrupt product supply and significantly delay our development plans or commercialization efforts. Such disruptions, if not remedied, could lead to delay of our research and development plans, loss of orders and customers, litigation or regulatory action, financial penalties, and reputational damage that could materially and adversely affect our business, results of operations and financial condition.

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Our autonomous driving technology and related hardware and software could have undetected defects, errors or bugs in hardware or software which could create safety issues, reduce market adoption, damage our reputation with current or prospective customers or expose us to product liability and other claims that could materially and adversely affect our business.

Our autonomous driving, V2X and high-performance perception technologies are highly technical and complex, and may experience defects, errors or bugs at various stages of development. We may be unable to timely correct problems to our customers' satisfaction. Additionally, there may be undetected errors or defects especially as we introduce new systems or as new versions are released. Errors or defects in our products may only be discovered after they have been tested, commercialized, and deployed. If that is the case, we may incur significant additional development costs and product recall, repair or replacement costs.

Our technology is used for autonomous driving, which entails the risk of significant injury, including fatalities. We may be subject to claims if one of our trucks, or a user's truck, is involved in an accident and persons are injured or purport to be injured or if property is damaged. Any insurance that we carry may not be sufficient or it may not apply to all situations. If we experience such an event or multiple events, our insurance premiums could increase significantly, or insurance may not be available to us at all. Further, if insurance is not available on commercially reasonable terms, or at all, we might need to self-insure. In addition, lawmakers or governmental agencies could pass laws or adopt regulations that limit the use of autonomous trucking technology or increase liability associated with its use. Any of these events could adversely affect our brand, relationships with users, operating results, or financial condition.

In addition, we could face material legal claims for breach of contract, product liability, personal injury or breach of warranty as a result of these problems. Given that many of our customers use our products and solutions in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and solutions could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. A claim brought against us by any of our customers would likely be time-consuming, costly to defend and may materially and adversely affect our reputation and brand, making it harder for us to sell our products and solutions.

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Increases in costs of the materials and other components that we use in our products would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which we purchase materials, components, and supplies for our products may adversely affect our profitability. In the event of any supply shortages or inflationary pressures, we may experience increases in the cost of our products, and, therefore, our gross margin may decrease, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations and financial condition.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We may not be able to obtain or maintain adequate intellectual property rights protection for our product and solution, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our success depends in a large part on our ability to protect our proprietary technology as well as our product and solution from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in the PRC and other jurisdictions. As of the Latest Practicable Date, we owned 325 registered patents and filed 532 patent applications in the PRC. See “Business — Intellectual Property Rights.” The patent application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products and solutions in all such fields.

Specifically, patents may be invalidated, and patent applications may not be granted for several reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. Our patent applications may not be granted in the end as they involve complex legal and factual considerations. As such, we do not know the degree of future protection that we will have on our proprietary technologies, if any, and we may not be able to obtain adequate intellectual property protection with respect to our products and solutions.

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Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products and solutions in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords are limited. For example, in the PRC, invention patents and utility model patents are valid for 20 years and ten years from the date of application, respectively. We may face competition for any similar products or solutions even if we successfully obtain patent protection once the patent life has expired for the product or solution. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products and solutions could be found invalid or unenforceable if challenged in court or before the CNIPA or related intellectual property agencies in other jurisdictions.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

In addition, collaborative relationships in our industry can be complex, particularly with respect to IP rights. Disputes may arise in the future regarding ownership rights to technology developed by or with other parties. These and other possible disagreements between us and third parties with respect to our IP rights or our collaborative relationships could lead to delays in the research, development or commercialization of our products and solutions. These disputes could also result in litigation or arbitration, both of which are time-consuming and costly.

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Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation. Defendant counterclaims alleging invalidity or unenforceability are commonplace and can be asserted on numerous grounds. Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products and solutions. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products and solutions or product and solution candidates. Such a loss of patent protection could materially and adversely affect our business.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling the products or solutions involved.

Companies operating in our industries routinely seek patent protection for their product and solution designs. Some of our competitors have large patent portfolios and may claim that our expected commercial use of our products or solutions has infringed their patents. These patents have broad claims, so it might be alleged that certain features of our products or solutions fall within the claims of such patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of the relevant products or solutions.

Companies in our industries may use intellectual property litigation to gain a competitive advantage. Whether a product or solution infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could:

- be expensive and time-consuming to defend;
- require us to pay substantial damages to third parties;

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- forbid us from making or selling products or solutions that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products or solutions;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;
- divert the attention of our management; or
- result in customers terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

In addition, new patents obtained by our competitors could threaten the continued life of the product or solution in the market even after it has already been introduced.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products and solutions.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any

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future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and solutions and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable.

We also seek to enter into agreements with our employees that obligate them to assign to us any inventions created during their work for us. However, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. And it is possible that technology relevant to our business will be independently developed by a person that is not a party to such an agreement. Furthermore, if the employees who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets and inventions through such breaches or violations. We may be involved in claims by or against us

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related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and R&D personnel.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We need significant capital to, among other things, conduct research and development for our autonomous driving technology, attract and retain top talent, launch new autonomous driving vehicle types, offer more advanced autonomous driving functionalities, maintain and grow our fleet, expand our customer base and provide quality technical support services. Our capital requirements will be subject to many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products and solutions and product and solution enhancements, and the overall level of sales of our products and solutions;
- R&D expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- enhancements to our infrastructure and systems and any capital improvements to our facilities;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact on our industry in particular.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available

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on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products and solutions, expand our sales and marketing programs, take advantage of future opportunities, or respond to competitive pressures.

We have incurred significant operating losses and net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the near future.

Since our inception, we have incurred net losses. In 2021, 2022, 2023 and the six months ended June 30, 2024, we had loss for the year/period of RMB179.5 million, RMB263.0 million, RMB255.1 million and RMB122.6 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations and are continuously investing in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully, develop new products and solutions and successfully maintain and secure additional customers. Accordingly, you should not rely on the revenues of any prior periods as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operation and invest in R&D and geographic expansion. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage a large volume of inventory effectively. Our inventories amounted to RMB77.2 million, RMB123.5 million, RMB174.2 million and RMB115.6 million as of December 31, 2021, 2022 and 2023 and June 30, 2024. Our inventories during the Track Record Period primarily consisted of contract costs in progress, raw materials, finished goods and consigned-processing-material. Our inventory turnover days increased from 452.8 days in 2021 to 988.5 days in 2022, decreased to 513.6 days in 2023 and further to 121.8 days in the six months ended June 30, 2024. We cannot guarantee that our inventories can be fully utilized within their effective lifespan. See “Business — Logistics and Inventory Management — Inventory Management.” As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days.

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We are subject to credit risk related to delay in payment and defaults of customers or related parties, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our various customers or related parties. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our trade and notes receivables amounted to RMB5.3 million, RMB30.8 million, RMB58.7 million and RMB87.4 million, respectively, and our prepayments and other receivables amounted to RMB37.3 million, RMB56.1 million, RMB90.4 million and RMB87.5 million, respectively. We may not be able to collect all such trade and notes receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long project acceptance periods for certain large scale projects, adverse operating condition or financial condition of customers, and customers’ inability to pay, among others. We have made and may continue to make impairment provisions and write-off the relevant receivables if our customers or related parties delay or default in their payments to us, adversely affecting our liquidity and financial condition.

We are subject to risks associated with certain finance lease arrangements, which may cause material and adverse effect on our financial condition and operational results.

As part of our sales strategy, we have formed business partnerships with financial leasing companies to offer our customers alternative financing options, easing their financial constraints and facilitating the purchase of our solutions. As our business grows, we anticipate an increase in the use of finance leases by our customers. However, if our partner financial leasing companies are unable to meet our customers’ capital requirements, those customers may be unable to afford our solutions and could potentially turn to competitors that can fulfill their financing needs, diverting our existing clientele and negatively impacting our future business growth.

Additionally, it is common industry practice to offer guarantees in finance lease agreements, which require us to make payments to the financial leasing companies in the event of a customer default, exposing us to increased credit risks. See “Business — Customers — Finance Lease Arrangements.” During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances requiring the fulfillment of guarantee obligations. As of December 31, 2023 and June 30, 2024, we recorded financial guarantee contracts liabilities of RMB0.2 million and RMB2.9 million, respectively. If we cannot effectively control and manage credit risks related to our guarantees in finance lease agreements, our financial condition may be materially and adversely affected.

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We recorded net operating cash outflows historically and there can be no assurance that we will not have net cash outflow from operating activities in the future.

We recorded net cash used in operating activities of RMB201.7 million, RMB203.1 million, RMB196.8 million, RMB82.3 million and RMB42.5 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. See “Financial Information — Liquidity and Capital Resources — Net Cash Flows Used in Operating Activities.” We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations and financial condition may be adversely affected.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. As of December 31, 2021, 2022 and 2023 and June 30, 2024, the government grants we recognized as other income amounted to RMB9.4 million, RMB7.3 million, RMB11.0 million and RMB3.5 million, respectively. In addition, we enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, we were recognized as a high and new technology enterprise and were entitled to a preferential income tax rate of 15% instead of 25% during the Track Record Period. For more details of the preferential tax treatments, see Note 13 to the Accountant’s Report in Appendix I to this Document.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations, financial condition and prospects.

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We have granted and may continue to grant share-based awards in the future, which may result in share-based compensation expenses and as a result, may adversely affect our results of operations and financial condition.

We have granted and may continue to grant share-based awards in the future as we believe such share-based awards are important to our ability to attract, retain and motivate our key individuals. As a result, we may incur share-based payment expenses, which may adversely affect our results of operations and financial condition.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest as of August 31, 2024 prepared by AVISTA Valuation Advisory Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

RISKS RELATING TO OUR GENERAL OPERATIONS

The industries that we operate in are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The industries in which we operate are highly competitive. We primarily compete with other companies that focus on developing and commercializing autonomous driving technologies for commercial vehicles. If we compete with players that have a longer corporate operating history than us, or if we do not have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than our competitors.

We may also face competition from new entrants who may offer lower prices or new technologies, products and solutions, and thus increase the level of competition in the future. Increased competition could result in lower sales, price reductions, reduced margins or loss of market share. Further, we may be required to make substantial additional investments in research,

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development, marketing and sales, recruiting and retaining top innovative talents, and acquiring technologies complementary to, or necessary for, our current and future products and solutions in order to respond to such competitive threats, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

We have a limited operating history, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

We have a limited operating history compared to some of our competitors. Our operations to date have focused on establishing our intellectual property portfolio and conducting R&D activities and the commercialization of our product and solution. As a result of our limited operating history, revenue fluctuations during the Track Record Period and particularly in light of the rapidly evolving nature of our industries, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

Our success relies on key management and other highly qualified personnel with specialized skills. If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers, engineers and sales representatives are critical to our business, in particular, to the R&D and commercialization of each of our products and solutions. In particular, our key R&D personnel are integral to the advancement of our technology and development of our products and solutions. See “Business — Research and Development — R&D Team.” If our key R&D personnel were to cease their relationship with us or develop relationships with competitors, our ability to develop new technologies and products may be materially and adversely affected. The competition for highly skilled employees in our industries is increasingly intense. Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, and their knowledge and relationships would be difficult to replace. See “Directors, Supervisors and Senior Management.”

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Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel. In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See “Regulatory Overview — Laws and Regulations Relating to Labor Protection, Social Insurance and Housing Provident Fund.” We may experience difficulty in hiring employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel may have greater resources than we have and may offer more attractive compensation packages for new employees. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations, resulting in a diversion of our time and resources and potentially in litigation. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Our development strategies may not succeed, which may materially and adversely affect our business, financial condition and results of operations.

We have implemented comprehensive business strategies, including developing new technologies and expanding our operations. We have been and will continue introducing new products and solutions and improving existing ones to meet market demand and customer needs. However, there can be no assurance that our strategies align with market development, including technological advancements, industry trends and customer preferences. If any of our business strategies are proven to deviate from such market development, it could have a negative impact on our business, financial condition and results of operations. In addition, we may fail to obtain the necessary resources to fund our future plans or employ suitable personnel to manage our expanded business. If we are unable to develop and introduce new solutions and improve existing solutions in a cost-effective and timely manner, our business, financial condition, results of operations and competitive position would be materially and adversely affected.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

International expansion is a significant component of our growth strategy and may require significant capital investment in the future, which could strain our resources and adversely affect current performance, while adding complexity to our current operations. We will be subject to legal and regulatory requirements, political uncertainty and social, environmental and economic conditions in the overseas jurisdictions where we operate, including markets in which we generate

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significant sales. Our operations in such jurisdictions may create risks relating to organizing local operating entities; establishing, staffing and managing foreign business locations; attracting local customers; navigating foreign government taxes, regulations and permit requirements; enforceability of our contractual rights; trade restrictions, customs regulations, data privacy compliance, tariffs and price or exchange controls; and preferences in foreign nations for domestically manufactured products. If any of our overseas operations, or our associates or agents, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions and to the extent that strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which, in turn, could adversely affect our business. Acquired assets or businesses may not generate the financial or results of operations we expect. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, the incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible

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shareholders’ approval, we may also have to obtain approvals and licenses from government authorities for the acquisitions and comply with applicable laws and regulations, which could result in increased costs and delays.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on information technology networks and systems for electronic communications among our personnel, customers, manufacturers and suppliers and for synchronization with our manufacturers and logistics providers on demand forecast, order placements and manufacturing and service status and capacity. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Failures in information technology systems, especially those related to automotive safety and associated data, could potentially lead to problems with our products and solutions, resulting in physical injuries or even fatalities to drivers, passengers, and other individuals. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

Our operations are subject to extensive and evolving regulatory requirements and changes in automotive safety regulations may cast significant uncertainties on our operations and financial prospects.

We operate in regulated industries and are required to comply with the applicable laws, rules and regulations governing our operations. See “Regulatory Overview — Regulations and Policies Relating to the Autonomous Driving and Intelligent Connected Vehicle Industry.” For details of our internal control measures to monitor and ensure compliance, see “Business — Risk Management and Internal Control — Compliance Management.” Given the significant amount of discretion held by relevant PRC authorities in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, we cannot guarantee you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations. Among other types of regulations, safety regulations play an important role in our operations. These regulations often impose stringent compliance and reporting requirements and are subject to rapid evolvement due to new technological data, adverse publicity regarding industry

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recalls and safety risks of autonomous driving. If there is an unanticipated new regulation that significantly impacts the manufacturing, use and sale of our products, that regulation could materially and adversely affect our business, results of operations and financial condition.

New legislation or changes in regulatory requirements, as well as changes or evolution in court interpretation of those regulations with respect to the industry of solutions for automotive intelligence could adversely affect our business and requires continuous monitoring of laws and regulations and an ongoing compliance process to ensure that we are in compliance with existing laws and regulations in each market where we operate. Our compliance cost could be substantial given the evolving nature and complexity of the relevant laws and regulations. If we are not currently in compliance with existing regulations, or if we fail to adhere to new regulations or fail to continually monitor updates to such regulations, we may incur costs in remedying our non-compliance and it may disrupt our operations. In addition, we have no control over our products being resold or used by our customers in jurisdictions where our products are deemed non-compliant with relevant laws and regulations, which could result in damage to our brand and adversely affect our business, results of operations and financial condition.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate our business, results of operation and financial condition may be materially and adversely affected.

The industries we operate in are highly regulated. For example, under the current PRC regulatory scheme, a number of governmental authorities, including, but not limited to, SAMR and MIIT, jointly regulate major aspects of our industries. We are also required to obtain and maintain the requisite licenses and approvals required in the jurisdictions where we operate our business.

In addition, for the purpose of conducting the research and development in the ordinary course of our business and also for the purposes of performing contracts with our customers, we are cooperating with a service provider with surveying and mapping qualifications. Our cooperation scope covers the conduction of activities that requires qualification in order to facilitate our research and development and business operations. The service provider is responsible for providing solutions for the transmission, storage, use, and other processing activities of the geospatial data. However, if our cooperation with such service provider cannot continue or we cannot reach cooperation with other qualified service providers in the market, we may be subject to the requirement of obtaining surveying and mapping qualification certificate and complying with the state’s surveying and mapping criteria, there is no assurance that we will be able to meet such criteria in a timely manner or at all, and our research and development activities and collaboration with our customers might be affected, any of which may materially and adversely affect our business, financial condition and results of operations.

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As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all the licenses and made all the filings with competent governmental authorities in all material aspects that are essential to the operation of our business in China. However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Considerable uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes in the relevant authorities’ interpretation of these laws, regulations and policies. New laws and regulations may also be enforced from time to time to require additional licenses and permits other than those we currently have. We cannot assure you that we will be able to obtain such licenses and permits in a timely and cost-effective manner. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition. For further details on the requisite licenses and approvals for our business operations, see “Regulatory Overview.”

We may be subject to risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. Margins on sales of our products and services in certain countries and on sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations, including duties, tariffs and antidumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. In addition to the existing trade sanctions and tariffs, the U.S. government may implement additional export controls and other regulatory measures targeting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be difficult or costly to comply with and may materially and adversely affect our and our technology partners’ abilities to

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acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations. If any of us, or our Shareholders, Directors, management personnel, employees and business partners, violate such laws, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “Entity List”). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions on sourcing or selling technologies, software, or products from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. We cannot be certain what additional export control actions the U.S. government may take that could impact our products, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our products. Additional actions could also take the form of additional designations on the Entity List, which could make our products subject to the EAR for certain transactions if involving those parties. Furthermore, other countries may continue to adopt export controls that could impact our products and operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers’ and suppliers’ ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the “**BIS October 2022 IFR**”) aimed at restricting China’s ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the “**BIS October 2023 IFR**”) that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, and together with the BIS’s April 2024 interim final rule making technical corrections and clarifications to the BIS October 2023 IFR, the “**BIS 2022/23 IFRs**”). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR’s more restrictive controls)

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certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. We believe that the EAR and BIS 2022/23 IFRs have not impacted our ability to obtain the semiconductors and other technology that we incorporate into our products and solutions or that we otherwise use in our business, or our ability to make sales to either our current customers or prospective customers that we expect to sell to as we expand our business. However, as these export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us.

In August 2023, President Joe Biden signed an Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Executive Order**”). In October 2024, the U.S. Department of Treasury issued a final rule to implement the Executive Order (the “**Final Rule**”). The final rule provides the operative regulations for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national security in three sectors, namely, semiconductors and microelectronics, quantum information technologies, and artificial intelligence. The program, after its effectiveness on January 2, 2025, prohibits U.S. persons from undertaking certain transactions and require notification by U.S. persons on certain investments. The Final Rule excludes certain “excepted transactions,” such as passive investments into publicly traded securities. As of the date of this Document, this program has not come into effect, and we cannot assure you that our business and operations will not be adversely affected in the future. If any similar or more expansive restrictions imposed by the U.S. or other jurisdictions are adopted in the future, our business, results of operations, financial condition and prospects may be adversely affected.

The U.S. government has recently increased regulatory scrutiny on Chinese technology in the U.S. automotive sector, citing national security and economic concerns. For example, on February 29, 2024, the U.S. Department of Commerce commenced a study on the risks that “connected vehicles” could pose to the United States and on March 1, 2024 published an advance notice proposed rulemaking (“**ANPRM**”) that requested comments on issues related to inputs (including software and hardware) from certain countries, including China, to the U.S. information and communications technology and services supply chain for connected vehicles in the United States. Further to the ANPRM, the BIS proposed a rule on September 26, 2024 that would ban the importation of certain hardware related to vehicle connectivity systems (“**VCS**”) from China or Russia into the United States. This rule would also prohibit the import or sale of connected

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vehicles in the U.S. that include specific software for VCS or automated driving systems. Additionally, manufacturers owned by, controlled by, or under the jurisdiction of China or Russia would be barred from selling connected vehicles containing such VCS hardware or software in the U.S. These restrictions would apply if the hardware or software is designed, developed, manufactured, or supplied by entities linked to China or Russia. The prohibitions would take effect in stages beginning with vehicles that are model year 2027, and be implemented completely for vehicle model year 2030. Public comments on the proposed rules are due by October 28, 2024, with the final rule expected to be issued after the comments are reviewed. Although we do not sell our products in the U.S. or to customers who incorporate them into products sold in the U.S., and have no plans to do so, this proposed rule or similar regulations may restrict the potential market for our solutions, particularly for U.S. end users.

Other countries may also consider adopting similar trade restrictions or policies that may affect our ability to conduct import and export activities. As a result, our business, financial health, and operational performance could be negatively impacted by new sanctions, export controls, or other trade-related measures.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Economic and industry uncertainty or changes, including recession or slowing growth, inflation, changes or uncertainty in fiscal, monetary, or trade policy, disruptions to capital markets, currency fluctuations, higher interest rates, tighter credit, lower capital expenditures by businesses, including on IT infrastructure, increases in unemployment, labor shortages, and lower consumer confidence and spending. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought or the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or COVID-19, and force majeure events including acts of war or terrorism may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.

We maintain insurance coverage which includes property all risks insurance for our buildings, machinery and equipment and third-party liability insurance for our test vehicles. While we believe that the amount of our insurance coverage is in line with the customary standard in the industry and is adequate for our operations, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. For example, insurance covering losses from acts of war,

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terrorism, or natural disasters is either unavailable or cost-prohibitive. In addition, our insurers review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms or at all. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations, financial condition and prospects.

Our business and prospects depend on our ability to build our brands and reputation, which could be harmed by negative publicity with respect to any negative publicity regarding our Company, Directors, employees, branding or products and solutions, whether warranted or not, could adversely affect our business.

We believe that maintaining and enhancing our brands are of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our Company, Directors, employees, branding or products and solutions, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Issues relating to the responsible use of our technologies, including AI in our offerings, may result in reputational and financial harm and liability.

Concerns relating to the responsible use of new and evolving technologies, such as AI, in our products and services may result in reputational and financial harm and liability and may cause us to incur costs to resolve such issues. We are increasingly building AI capabilities into many of our products and services. AI poses emerging ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences or are controversial because of their impact on human rights, privacy, employment, or other social, economic, or political issues, or if we are unable to develop effective internal policies and frameworks relating to the responsible development and use of AI models and systems offered through our sales channels, we may experience brand or reputational harm, competitive harm or legal liability. Compliance with government regulation in the area of AI ethics

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may also increase the cost of related research and development, and changes in AI-related regulation could disproportionately impact and disadvantage us and require us to change our business practices, which may negatively impact our financial results. Our failure to address concerns relating to the responsible use of AI by us or others could undermine public confidence in AI and slow adoption of AI in our products and services or cause reputational harm.

Any failure or perceived failure to comply with data privacy and security laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure, and other processing of data, could damage our reputation and deter current and potential customers from using our products and solutions.

In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of personal data in the past few years. We are subject to a variety of laws and regulations relating to data security and privacy, as our business operations involve collection, use, storage, retention, transfer, disclosure and other processing of data, and procurement of data from third parties for training purpose. The interpretation and application of laws, regulations and standards relating to cybersecurity, data protection and privacy remain uncertain and are constantly changing, and these regulations are also affected by different interpretations or significant changes which leads to uncertainty about the scope of our responsibility in this regard. For instance, on June 10, 2021, the Standing Committee of the National People’s Congress promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “Data Security Law,” effective since September 1, 2021). The Data Security Law sets out a number of obligations on data security and privacy undertaken by entities and individuals engaged in data-related activities. It also prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement departments without the approval of the competent authorities in China. Besides, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which was promulgated by Cyberspace Administration of China on July 7, 2022 and became effective on September 1, 2022, stipulates the obligation that before applying for the security assessment of outbound data transfer, data processors shall conduct a self-assessment of the risks in the outbound data transfer. And on November 7, 2016, the Standing Committee of the National People’s Congress promulgated the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), effective since June 1, 2017), and pursuant to which, the state is to advance the development of a socialized service system for cybersecurity, and encourage related businesses and institutions to carry out cybersecurity services such as certification, testing and risk assessment. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was promulgated by the Cyberspace Administration of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the Ministry of Commerce, the

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People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the National Administration of State Secrets Protection, and the State Cryptography Administration on December 28, 2021 and became effective on February 15, 2022, entities meeting certain standards shall apply for a cybersecurity review. Meanwhile, the Regulation on Network Data Security Management (《網絡數據安全管理條例》), which was promulgated by the State Council on September 24, 2024 and will come into effect on January 1, 2025 further provide rules on network data security. As advised by our PRC legal adviser as to data security laws, the cybersecurity related laws and regulations would not have a material adverse impact on our business operations or the [REDACTED] as of the Latest Practicable Date. While we strive to comply with our privacy guidelines as well as all applicable data protection laws and regulations, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, and could damage our reputation.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our controls and policies will prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including, but not limited to, those in violation of anti-corruption or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

Our risk management and internal control systems may not be adequate or effective.

We have designed and implemented risk management and internal control systems comprising organizational framework policies and procedures, financial reporting processes, compliance rules, and risk management measures we believe are appropriate for our business operations. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring the prevention of fraud. See “Business — Risk Management and Internal Control.” Since our risk management and internal

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control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Our legal right to some leased properties may be challenged.

As of the Latest Practicable Date, the lessor of one of our leased properties was unable to provide us with their property ownership certificates and construction permits, which may adversely affect our ability to continue to use them in the future. As the property is used as garages and warehouses that only accounts for a relatively small portion of the aggregate gross floor area of our leased properties, we believe that we will be able to find alternative properties easily if we are required to relocate. Nonetheless, we may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. In addition, as of the Latest Practicable Date, we were unable to complete the registration and filing procedures for the above-mentioned leased property because the lessor was unable to complete their property ownership registration. As advised by our PRC Legal Advisor, the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the filing within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for non-registration exceeding such time limit.

As of the Latest Practicable Date, we were not subject to any investigation or administrative penalties by the relevant government authorities, nor subject to any legal proceeding or arbitration in relation to the above-mentioned issues.

If we fail to comply with environmental, fire protection or health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, fire protection, or health and safety laws and regulations. Our assembly and testing processes involve machinery and equipment that may be prone to industrial accidents, potentially causing physical injuries to, or even fatalities of, our employees. There can be no assurance that industrial accidents, whether caused by malfunction or misuse of equipment or machinery, will not occur in the future. In such event, we may be liable to claims brought against us by injured employees or their families in cases of fatalities. We may also be subject to fines or penalties for violations of applicable health and safety laws and regulations

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by government authorities as well as suspension of our operations for investigation after such incidents. In addition, we may also be required by local government authorities to amend and implement new health and safety requirements to prevent the recurrence of such incidents in the future.

We have been in compliance with such laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date. However, compliance with such laws and regulations incurs certain costs. Any potential failure to comply with environmental, fire protection, or health and safety laws and regulations and/or failure to adequately protect the health of our employees could have a material and adverse impact on our business operations and financial performance.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management’s attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Failure to respond to development in the economic, government policies, and laws and regulations in the principal place where we operate may have a material adverse effect on our business, financial condition and results of operations.

A substantial portion of our businesses, assets and operations are located in China. Accordingly, our financial condition, results of operations and business prospects are, to a significant degree, subject to the economic, political and legal developments in China.

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China’s economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. Failure to respond to such development may materially and adversely affect our business in China.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with capital raising activities.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down 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》). These opinions enhanced administration and supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See “Regulatory Overview — Laws and Regulations Relating to Overseas Listing.” for details.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”), together with five interpretative guidelines thereof, which became effective on March 31, 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas offering and listing of securities of PRC domestic companies, and regulated both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. According to the Trial Measures, we, as a PRC domestic company seeking to [REDACTED] and [REDACTED] securities in overseas markets, are required to fulfill the filing procedure with the CSRC within three working days after submitting the [REDACTED] documents to the overseas supervisory authorities and report relevant information. However, we cannot assure you that we will be able to complete all filing requirements in time or at all as the filing requirements are subject to change with substantial uncertainty.

Furthermore, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. We may not be able to comply with such additional requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition.

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You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC, and substantially all of our business, assets and operations are located in Mainland China. In addition, a majority of our Directors, Supervisors or members of our senior management reside in Mainland China, and a substantial portion of the assets of such Directors, Supervisors or members of our senior management are located in Mainland China. As a result, it may be difficult, cumbersome, and time-consuming to effect service of process outside Mainland China upon us or such Directors, Supervisors or members of our senior management. Furthermore, an original action may only be brought in China against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether you will be able to bring an original action in China in this manner. Moreover, Mainland China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with many countries including the United States. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in Mainland China or Hong Kong of a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”). Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On January 18, 2019, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”), which took effect in January 2024. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters.

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The 2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered into before the 2019 Arrangement taking effect. However, there remain uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

Although we will be subject to the Hong Kong Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the [REDACTED] of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

We are subject to regulations on currency conversion and risks relating to fluctuations in exchange rates.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

Fluctuations in the exchange rate of Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies are affected by, among other things, the policies of the PRC Government and changes in China’s and international political and economic conditions. The [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [REDACTED] from the [REDACTED]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. There are limited instruments currently available for us to reduce our foreign currency risk exposure at reasonable cost, and we have not utilized, and may not in the future utilize, any such instrument. All of these factors could materially and adversely affect our business, results of operations, financial condition and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

RISK FACTORS

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Payment of dividends is subject to restrictions under PRC laws.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our

RISK FACTORS

Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There has been no prior public trading market for our H shares, and their liquidity and market price may be volatile.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of [REDACTED]. In addition, the [REDACTED] of our H Shares may not be an indication of the market price of our H Shares following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will trade.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market could cause the price of our H Shares to decline.

Although our Controlling Shareholder are subject to restrictions on their sales of H Shares within 12 months from the [REDACTED] as described in “[REDACTED]” in this document, future sales of a significant number of our H Shares by our Controlling Shareholder or other existing shareholders in the public market after the [REDACTED], or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our H Shares. We cannot assure you that our Controlling Shareholder, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholder or other existing Shareholders, or the Shares available for sale by our Controlling Shareholder or other existing Shareholders, or the issuance of Shares by our Company may have on the market price of the H Shares. Sale or

RISK FACTORS

issuance of a substantial number of Shares by our Controlling Shareholder or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [REDACTED] from the [REDACTED], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

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] may experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their H 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 H Shares in the future to raise additional capital.

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

Our management may spend the net [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. For details of our intended use of [REDACTED] from the [REDACTED], see “Future Plans and Use of [REDACTED].” However, our management will have discretion as to the actual application of our net [REDACTED]. 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]. We will make appropriate announcement and comply with all applicable requirements under the Listing Rules in the event that we change the use of [REDACTED] as disclosed in this document.

RISK FACTORS

We cannot assure you whether and when we will declare and pay dividends in the future.

We may not be able to pay any cash dividends in the foreseeable future. Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the corporate approval processes. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See “Financial Information — Dividends and Dividend Policy.”

Certain facts, forecasts and statistics contained in this document are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain facts, forecasts and statistics contained in this document relating to, among other things, the industry in which we operate have been derived from a third-party report and various official government publications. However, we have not independently verified information and statistics from official government sources, and we cannot assure you of the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

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

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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.

Investors should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there has been coverage in the media regarding us and the [REDACTED], which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that requirement in Rule 8.12 may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Our principal business operations are primarily located, managed, and conducted in the PRC and will continue to be based in the PRC, and our Company’s head office is located in Changsha, the PRC. Our executive Directors and senior management members ordinarily reside in the PRC and play important roles in our Company’s business operations, principally responsible for the overall management, corporate strategy, planning, business development and control of our Group’s business, it is important for them to remain in close proximity to the Group’s operations located in the PRC. We consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by relocation of our existing executive Directors or by appointment of additional executive Directors. 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 the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us], a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

- (i) we have appointed Dr. Hu Albert Sibó (胡斯博) and Mr. Li Chunlin (李春林) as the authorized representatives of our Company (the “**Authorized Representatives**”) for purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company’s principal channel of communication with the Stock Exchange and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company will provide contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in Authorized Representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Exchange to discuss any matters in relation to our Company within a reasonable period of time. See “Directors, Supervisors and Senior Management” for further biographical details of our Authorized Representatives;

- (ii) to facilitate communication with the Stock Exchange, we have provided our Authorized Representatives and the Stock Exchange with the contact details (including mobile phone number, office phone number and/or email address) of each of our Directors. When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact our Directors;
- (iii) to the best of our knowledge and information, 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 upon request by the Stock Exchange; and
- (iv) our Company has appointed Ping An of China Capital (Hong Kong) Company Limited as our Compliance Advisor with effect from the [REDACTED] in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of the Company with the Stock Exchange during the period from the [REDACTED] to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [REDACTED]. The Compliance Advisor will act as the additional and alternative channel of communication with the Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer enquiries from the Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;

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- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, the Stock Exchange will consider the following factors in assessing the individual’s “relevant experience”:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Ms. Au Wing Sze (區詠詩) (“**Ms. Au**”) and Mr. Li Chunlin (李春林) (“**Mr. Li**”) as the joint company secretaries of our Company. See “Directors, Supervisors and Senior Management Joint Company Secretaries” for further biographical details of Ms. Au and Mr. Li.

Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She fully meets the qualification requirements stipulated under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Mr. Li has served as the legal director and head of risk control of our Company since November 2017 and has been responsible for corporate governance affairs of our Company since then. By virtue of Mr. Li’s substantial experience in corporate governance and his experience and familiarity with our Group, we believe that appointment of Mr. Li as our company secretary would be beneficial for our Company. Furthermore, given that the key operations of our Group are located in the PRC, we believe that it would be in the interest of our Company and our corporate governance to have Mr. Li, who possess the relevant background and experience in the PRC, to act as our joint company secretary.

Accordingly, while Mr. Li personally does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted us] with, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Li will act as our joint company secretary. The waiver [has been granted] for a three-year period commencing from the [REDACTED] (the “**Waiver Period**”), on the condition that:

- (i) Mr. Li will endeavor to attend relevant training courses to enhance his knowledge of the Listing Rules during the Waiver Period, and comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;
- (ii) Ms. Au, as a joint company secretary of our Company, will provide assistance to, and work closely with, Mr. Li in the discharge of his duties and responsibilities as our company secretary during the Waiver Period;
- (iii) Ms. Au is suitably qualified person render assistance to Mr. Li so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) during the Waiver Period; and
- (iv) before the expiry of the Waiver Period, our Company will evaluate Mr. Li’s experience in order to determine if he has acquired the relevant experience required under Rule 3.28 of the Listing Rules, and whether ongoing assistance should be arranged so that Mr. Li’s appointment as the company secretary of the Company satisfies the requirements under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us with, a waiver from strict compliance with Rule 3.28 and 8.17 of the Listing Rules.

**WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG
LISTING RULES AND EXEMPTIONS FROM THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG
LISTING RULES AND EXEMPTIONS FROM THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG
LISTING RULES AND EXEMPTIONS FROM THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG
LISTING RULES AND EXEMPTIONS FROM THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG
LISTING RULES AND EXEMPTIONS FROM THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

For further information on our Directors and Supervisors, please refer to the section headed “Directors, Supervisors and Senior Management” of this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Ma Wei (馬濰)	Room 1402, Building 1 No. 39 Shenjia Road, Yuelu District Changsha, Hunan Province PRC	American
Dr. Hu Albert Sibó (胡斯博)	Room 2003, Building 7, Phase 2 Vanke Jinyu Tixiang Xiaoxiang Middle Road, Yuelu District Changsha, Hunan Province PRC	Chinese (Hong Kong)
Non-executive Directors		
Prof. Li Zexiang (李澤湘)	Room 801, Building 3 No. 11 University Road Songshan Lake Dongguan, Guangdong Province PRC	Chinese (Hong Kong)
Mr. Wang Hao (王昊)	#20-04 Ardmore II 2 Ardmore Park Road Singapore	Chinese
Ms. Yang Xi (楊溪)	Room 8D, Xiangliange, Xiangli Building No. 2075 Lianhua Road Futian District Shenzhen, Guangdong Province PRC	Chinese (Hong Kong)

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Dr. Li Xiaoyuan (李曉原)	2/F, 55 Tai Po Tsai Village Clearwater Bay Road Sai Kung, New Territories Hong Kong	Chinese (Hong Kong)
Prof. Tan Guangrong (譚光榮)	Room 203, Building 16, First Area Wangyuehu Community, Yuelu District Changsha, Hunan Province PRC	Chinese
Mr. Zhang Jiangan (張健鋼)	Flat E, 2/F, B1, The Horizon 18 Fo Chun Road Taipo, New Territories Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. Liang Zhe (梁哲)	Room 402, Building 17, Lane 1585 Zhengli Road, Yangpu District Shanghai PRC	Chinese
Mr. Zhu Jianneng (朱建能)	Room 1103, 11F, Unit 1, Building 21 Jinmao Qianjingyuan No. 276 Meixihu Road, Yuelu District Changsha, Hunan Province PRC	Chinese
Dr. Sheng Weitian (盛維天)	Room 1617, Apartment Hotel Building S1 Vanke Golden Dream Community 198 Dongchi Road Yuelu District Changsha, Hunan Province PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited

29/F One International Finance Centre
1 Harbour View Street
Central, Hong Kong

China Securities (International) Corporate Finance Company Limited

18/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Ping An of China Capital (Hong Kong) Company Limited

Units 3601, 07 & 11-13
36/F, The Center
99 Queen's Road
Central, Hong Kong

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Auditor and Reporting Accountant

BDO Limited

Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Clifford Chance

27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Zhong Lun Law Firm

Floor 57/58/59, Building A
Ping An Financial Center
No. 5033 Yitian Road, Futian District
Shenzhen, Guangdong Province
PRC

**Legal Advisors 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

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC law:

Fangda Partners

27/F, North Tower Beijing Kerry Centre
1 Guanghai Road Chaoyang District
Beijing 100020, China

Independent Property Valuer

AVISTA Valuation Advisory Limited

Room 2401-06, 24/F
Everbright Centre
No. 108 Gloucester Road
Wan Chai, Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10/F, Block B
Jingan International Center
88 Puji Road
Jingan District, Shanghai

[REDACTED]

CORPORATE INFORMATION

**Registered Office, Headquarters and
Principal Place of Business in the
PRC**

Building A3 and A4
Hunan Provincial Inspection and Testing
Characteristic Industrial Park
No. 336 Xueshi Road, Yuelu District
Changsha, Hunan Province
PRC

**Principal Place of Business in Hong
Kong**

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Company's Website

www.cidi.ai

*(The information contained in this website does not
form part of this Document)*

Joint Company Secretaries

Ms. AU Wing Sze (區詠詩)

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Mr. LI Chunlin (李春林)

Building A3 and A4
Hunan Provincial Inspection and Testing
Characteristic Industrial Park
No. 336 Xueshi Road, Yuelu District
Changsha, Hunan Province
PRC

CORPORATE INFORMATION

Authorized Representatives

Dr. HU Albert Sibó (胡斯博)
Room 2003, Building 7, Phase 2
Vanke Jinyu Tixiang
Xiaoxiang Middle Road, Yuelu District
Changsha, Hunan Province
PRC

Mr. LI Chunlin (李春林)
Building A3 and A4
Hunan Provincial Inspection and Testing
Characteristic Industrial Park
No. 336 Xueshi Road, Yuelu District
Changsha, Hunan Province
PRC

Audit Committee

Prof. TAN Guangrong (譚光榮) (*Chairperson*)
Ms. YANG Xi (楊溪)
Dr. LI Xiaoyuan (李曉原)

Remuneration Committee

Dr. LI Xiaoyuan (李曉原) (*Chairperson*)
Dr. MA Wei (馬濰)
Mr. ZHANG Jiangang (張健鋼)

Nomination Committee

Prof. LI Zexiang (李澤湘) (*Chairperson*)
Dr. LI Xiaoyuan (李曉原)
Mr. ZHANG Jiangang (張健鋼)

Compliance Advisor

**Ping An of China Capital (Hong Kong)
Company Limited**
Units 3601, 07 & 11-13
36/F, The Center
99 Queen's Road
Central, Hong Kong

[REDACTED]

CORPORATE INFORMATION

Principal Bank

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Yuelu District

Changsha, Hunan Province

PRC

Shanghai Pudong Development Bank Co., Ltd.

Changsha Lugu Science and Technology Branch

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Lugu Enterprise Plaza

No. 27 Wenxuan Road

Changsha High-tech Development Zone

Changsha, Hunan Province

PRC

INDUSTRY OVERVIEW

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OVERVIEW OF GLOBAL AND CHINA’S COMMERCIAL VEHICLE AUTONOMOUS DRIVING INDUSTRY

Overview of Autonomous Driving

The rapid development of driving automation technology is reshaping global transportation, leading mobility into a new era with enhanced safety, efficiency and comfort.

Driving automation is primarily divided into two categories: advanced driver-assistance systems (ADAS) and autonomous driving (AD). As illustrated below, ADAS refers to technologies and functions that assist drivers in various driving tasks, while requiring the driver to remain attentive. In contrast, AD involves a higher level of automation, aiming to eventually achieve full automation, wherein vehicles can operate without human intervention. AD technology is evolving from a mix of conditional and full automation toward complete full automation, enabling vehicles to navigate increasingly complex, diverse and challenging scenarios.

Globally, the technological capabilities of driving automation solutions are approaching the AD level. In the passenger vehicle market, commercialized solutions still remain largely focused on ADAS due to high regulatory hurdles on open urban roads. However, the driving scenarios of commercial vehicles present an ideal setting for the early testing and deployment of AD technology, as predictable routes, controlled environments and closed environments are common for the operation of commercial vehicles, paving the way for commercialized AD solutions.

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Overview of vehicle automation			
	ADAS	AD	
Human Driver Automated System	<i>Driver Assistance</i>	<i>Conditional Automation</i>	<i>High /Full Automation</i>
Driving Responsibility	Automated system providing assisted driving features only	Smart vehicle driving under limited conditions	Smart vehicle driving under all conditions
Supervising Responsibility	Human driver solely responsible	Human driver intervening when necessary	Little or no human intervention
Key Features & Functions	<ul style="list-style-type: none"> Lane centering Lane departure warning Lane following Adaptive cruise control Automatic emergency braking ... 	<ul style="list-style-type: none"> NOA on highway and urban scenarios Traffic sign recognition and stop sign control Automated parking ... 	<p>High Automation</p> <ul style="list-style-type: none"> Pedal/steering wheel may not be installed <p>Full Automation</p> <ul style="list-style-type: none"> Driverless and automated under all conditions Robobus / Robotruck ...

Overview of China’s Commercial Vehicle Autonomous Driving Industry

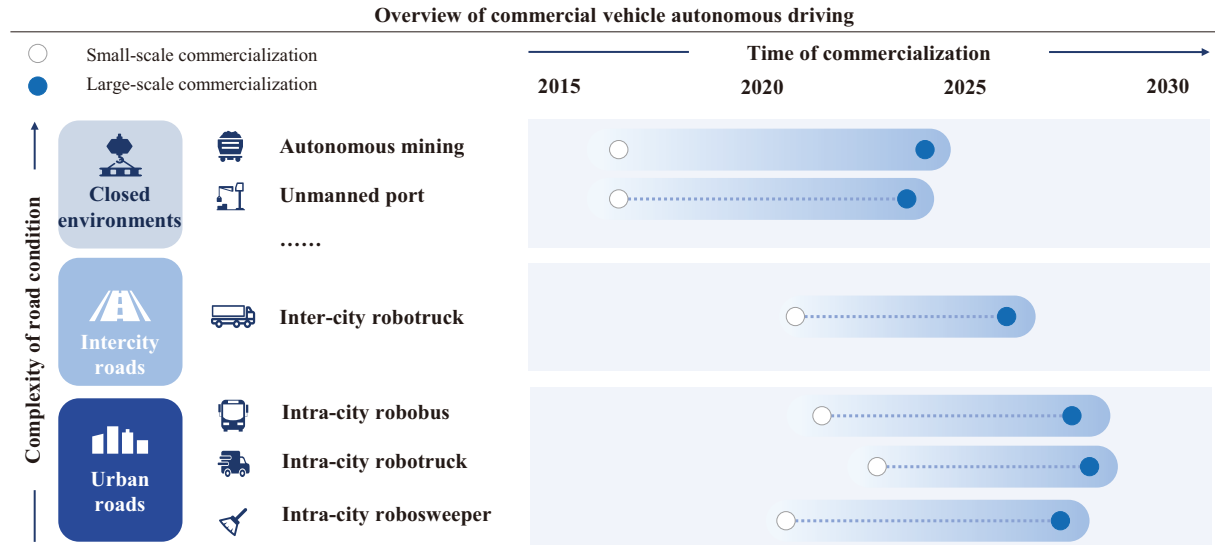
Compared to passenger vehicles, autonomous driving commercial vehicles have already achieved large-scale commercialization, primarily due to the following pain points that create an urgent need for commercial vehicle autonomous driving solutions.

- (i) **Operational Safety.** Safety is the most critical concern in commercial vehicle operations, since accidents can lead to severe injuries, significant economic losses and disruptions to operations. The introduction of AD technology enables driverless commercial vehicle operations, reducing accidents caused by human error and minimizing potential casualties and financial losses. Additionally, drivers face health risks associated with commercial vehicle operations, such as chronic lung and hearing problems caused by dust and noises in mining areas. Vehicle automation can protect drivers from prolonged exposure to hazardous environments, thereby lowering such health risks.
- (ii) **Operational Efficiency and Reliability.** Operations with manned commercial vehicles are often suspended due to humans’ limited attention span and inability to work long, consecutive hours. In contrast, autonomous driving commercial vehicles can operate 24/7, thereby improving operational efficiency and reliability.

Autonomous driving commercial vehicles have been deployed in various scenarios, which can be categorized into three main types: urban roads, intercity roads and closed environments. Urban roads scenarios mainly involve robobuses, urban logistics, last-mile delivery and robosweepers. Intercity roads scenarios refer to intercity logistics vehicles. Closed environments primarily include mines, industrial parks, ports and airports. Compared to the other two scenarios, closed environments have more confined road conditions, fixed driving routes and defined area scopes,

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therefore being more suitable for the early and reliable application of AD technology. As a result, autonomous driving was commercialized in closed environments before being commercialized in the other two scenarios, as illustrated below.



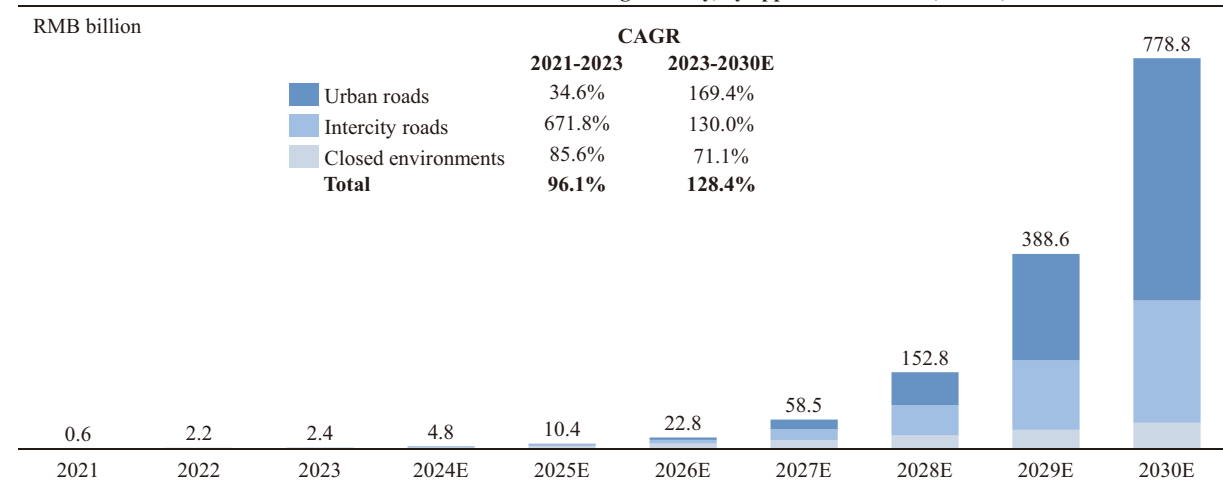
Companies in the commercial vehicle autonomous driving market primarily follow two business models: product sales and fleet operation, among which the product sales model demands higher comprehensive capabilities from the company. As the product is delivered on a one-off basis, its performance, reliability and ease of use must be thoroughly validated, requiring the company to have high technical expertise, a deep understanding of customer needs and strong productization capabilities. Companies focusing on product sales also tend to prioritize product development and iteration, enabling them to create robust and user-friendly products.

Companies offer autonomous driving systems for commercial vehicles in two manners: factory-installed and after market. The factory-installed model offers higher integration, safety and reliability, while requiring autonomous driving technology companies to possess advanced knowledge of vehicle manufacturing to achieve better integration. This model also requires close collaboration with vehicle manufacturers for a stable supply of vehicles. In contrast, the after market model allows customers to select and install systems into existing vehicles based on individual needs. This model could enable better cost control, but faces challenges in terms of software and hardware compatibility. As technology advances and the ecosystem for autonomous driving commercial vehicles matures, the factory-installed model is expected to become the mainstream solution in the future.

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According to CIC, the market size of global commercial vehicle autonomous driving reached RMB5.9 billion in 2023 and is expected to grow significantly, reaching RMB1,615.8 billion by 2030, with a CAGR of 123.0% from 2023 to 2030. China’s commercial vehicle autonomous driving market, which stood at RMB2.4 billion in 2023, is expected to grow rapidly due to favorable policies and technological advancements in autonomous driving, with a projected market size of RMB778.8 billion by 2030. As an early adopter of autonomous driving technology, the sub-segment of the autonomous driving commercial vehicles in closed environments represented approximately 53.7% of the global market size in 2023, being significantly higher than the market size of the urban roads and intercity roads segments. Meanwhile, fueled by the growing demand for autonomous driving solutions, the Middle East, Australia, and South America have emerged as strategic markets for commercial vehicle autonomous driving, which are also poised to play a pivotal role in driving the global market’s expansion in the following years.

Market size of commercial vehicle autonomous driving industry, by application scenario, China, 2021-2030E



Note: The market size includes revenues from both product sales and fleet operations.

Competitive landscape of China’s Commercial Vehicle Autonomous Driving Market

China’s commercial vehicle autonomous driving market was relatively fragmented as of June 30, 2024, with many players still in the stages of exploring technological breakthroughs and accumulating data. Some leading companies are actively expanding into various application scenarios to achieve large-scale commercialization. According to CIC, CiDi was the second-largest commercial vehicle autonomous driving technology company in China in terms of revenue in the six months ended June 30, 2024. Notably, CiDi was the only company among the top five market players to cover all three major scenarios and the only one focusing on product sales. Additionally, CiDi is one of the earliest companies to achieve commercialization in China’s commercial vehicle autonomous driving market.

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Competitive landscape of China’s commercial vehicle autonomous driving market, 2024H1

Company	Scenarios			Business model		First year of deployment	Revenue from commercial vehicle autonomous driving, RMB million	Market share, %
	Urban roads	Intercity roads	Closed environments	Product sale	Fleet operation			
Company A	✓		✓	◐	◑	2018	~250	12.9%
CiDi	✓	✓	✓	●	○	2018	~160	8.2%
Company B			✓	◐	◑	2019	~140	7.5%
Company C		✓		◐	◑	2022	~140	7.4%
Company D		✓		○	●	2021	~130	6.7%

Notes: ● represents a higher revenue share, ○ represents a lower revenue share

- (1) Company A is an autonomous driving company headquartered in China and founded in 2015. It primarily provides driving automation solutions on sweepers and taxis. It is an unlisted company.
- (2) Company B is an autonomous driving company headquartered in China and founded in 2014. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.
- (3) Company C is an autonomous driving company headquartered in China and founded in 2018. It primarily provides driving automation solutions on logistics trucks. It is an unlisted company.
- (4) Company D is an autonomous driving company headquartered in China and founded in 2016. It primarily provides driving automation solutions on logistics trucks and taxi. It is an unlisted company.

The technology of market players who initially focused on autonomous driving passenger vehicles is more suited to urban roads. It would be challenging for them to enter the commercial vehicle autonomous driving market due to the differences in the sensory range and precision requirements of hardware devices such as sensors, cameras and LiDARs for intercity roads and closed environments, and their insufficient knowledge and understanding of these scenarios.

OVERVIEW OF CHINA’S AUTONOMOUS MINING INDUSTRY

Overview of Autonomous Mining

The mining industry is crucial for the national economy, continuously supplying key raw materials and energy to various sectors, such as aggregate, coal and iron ore. In 2023, the output value of China’s mining industry reached RMB4.4 trillion and is expected to maintain steady growth. However, traditional mining operations rely on heavy machinery and human labor, presenting the following pain points.

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- (i) **Frequent Accidents:** Mining operations take place in hazardous environments where workers face risks such as collapses, explosions and toxic gas leaks, leading to frequent accidents. Each year, the direct economic losses caused by mining safety incidents in China approaches RMB10 billion. Additionally, further economic losses will occur when mining operations are suspended following such incidents.
- (ii) **Harsh Working Conditions:** Mining jobs are extremely demanding, with underground operations often involving high temperatures, high humidity, high noise levels and poor air quality. Prolonged exposure to such conditions severely impacts workers’ health, jeopardizing the mining operation’s long-term sustainability.
- (iii) **Aging Workforce:** The number of employees in China’s mining industry is expected to decline from approximately 3.4 million in 2023 to 3.2 million by 2028. Meanwhile, attracting young workers to the mining industry is increasingly difficult due to the harsh working conditions, resulting in an aging workforce, with over 60% of workers being older than 40. The increasingly aging workforce in the mining industry leads to greater risks of human error and reduced productivity, causing heightened safety concerns and lower operational efficiency.
- (iv) **Low Economic Efficiency:** Traditional mining methods rely heavily on labor and machinery, leading to high production costs. For example, a mining truck typically runs for at least 16 hours per day and sometimes up to 24 hours, usually requiring 2-3 drivers per truck to ensure its normal operation. As a result, mining companies have experienced a continuous decline in profitability in recent years due to the increase of labor costs.

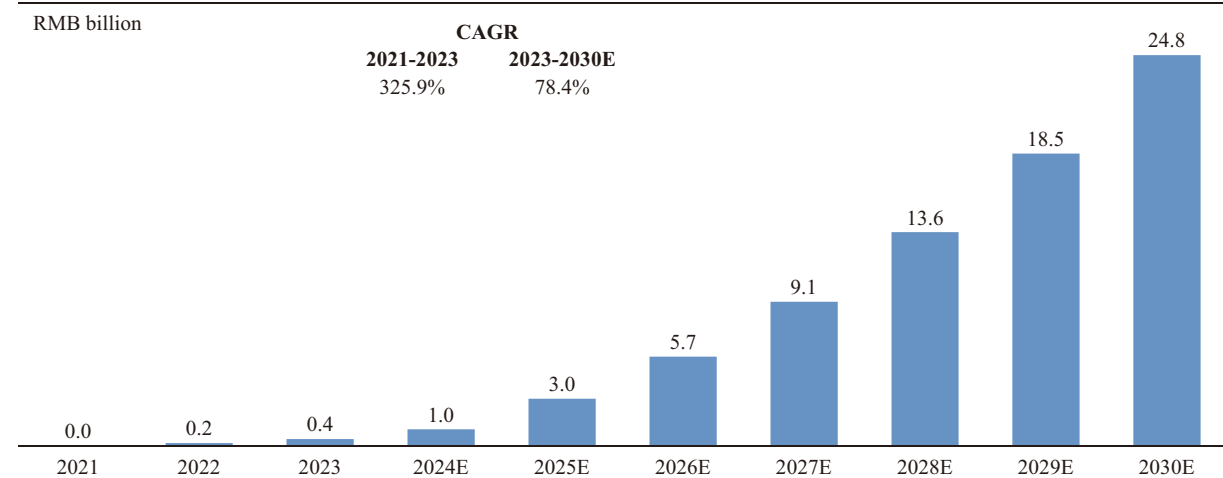
Autonomous driving technology enhances operational safety in mining, a pressing demand in the industry. With technological advancements and favorable government policy, mining was one of the first industries to realize the large-scale commercialization of autonomous driving. Companies specializing in autonomous mining focus on developing key technologies such as autonomous driving systems, V2X technology, multi-vehicle intelligent dispatch algorithms and mixed fleet management. These technologies cover the entire mining process — such as drilling, blasting, excavation and transportation — enhancing operational safety, sustainability and efficiency, while addressing the long-standing pain points of traditional mining operations.

Unlike other closed environments, mining sites are complex and highly variable and require various types of operational vehicles, making the deployment of reliable and comprehensive autonomous driving challenging. Hence, autonomous mining technology companies must possess strong research and development capabilities to overcome challenges relating to environmental perception in mines, precise control of heavy-duty vehicles, vehicle reliability testing and large-scale mixed fleet coordination and systematic dispatching.

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China’s autonomous mining industry is rapidly expanding, with market size reaching RMB0.4 billion in 2023, representing approximately 35.4% of the autonomous driving market within closed environments. By 2030, the market is expected to grow significantly to RMB24.8 billion, at a CAGR of 78.4% from 2023 to 2030. The total addressable market size¹ of China’s autonomous mining industry in 2023 was approximately RMB550 billion.

Market size of autonomous mining industry, China, 2021-2030E



Note: The market size includes revenues from both product sales and fleet operations.

In 2023, the total shipment of autonomous mining trucks in China was approximately 800 units. This is projected to increase to approximately 3,800 units in 2026 and further to over 13,000 units in 2030. Globally, the total shipment of autonomous mining trucks was approximately 1,200 units in 2023, and is expected to increase to approximately 6,000 units in 2026 and exceed 20,000 units in 2030. In 2023, the average price of autonomous mining trucks in China was approximately RMB2.5 million per unit, compared to over RMB5.0 million per unit in the international market.

Drivers of China’s Autonomous Mining Industry

- Heightened Safety Standard:** The continuously increasing demand for coal and other resources causes excessive production in mining areas, thus overlaboring mining workers and escalating safety risks. Accidents can endanger workers and lead to mine shutdowns, disrupting production and causing significant economic losses. Autonomous mining can effectively reduce accidents caused by human error, thereby improving overall safety in mining operations.

¹ The total addressable market size includes product sales and fleet operation, calculated based on the installed base of mining trucks and assuming the penetration rate of autonomous driving is 100%.

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- **Growing Need for Cost Efficiency:** Maximizing extraction efficiency and managing costs have become essential for maintaining mining companies’ competitiveness. Deploying autonomous mining vehicles can significantly reduce labor and energy costs while allowing for continuous 24-hour operation, thereby improving cost efficiency for mining companies.
- **Technological Advancement:** Vehicle intelligence and V2X form the foundation of autonomous mining. Vehicle intelligence, powered by onboard sensors, control systems and algorithms, equips mining trucks with autonomous driving capabilities. Meanwhile, V2X technology enables the exchange of real-time traffic information both between vehicles as well as between vehicles and road infrastructure, effectively filling the information gaps of vehicle-based autonomy and enhancing overall transportation efficiency in mining operations. The integration of vehicle intelligence and V2X technologies drives the commercialization of autonomous mining in China.
- **Regulatory Mandate:** The Chinese government is continuously introducing policies and mandates that provide strong policy support as well as quantitative targets and timelines for autonomous mining implementation to enhance mining safety and efficiency. For example, such policies stipulate that large coal mines and those with severe hazards should achieve basic intelligentization by 2025, and all types of coal mines should reach this goal by 2035. Directives by the National Mine Safety Supervision Bureau stipulates that the proportion of intelligent coal mine production capacity should reach at least 60% nationally by 2026. Additionally, the government is setting increasingly stringent safety requirements for mining operations. These policies and mandates drive substantial demand for autonomous mining technologies.

Competitive landscape of China’s autonomous mining market

According to CIC, China’s autonomous mining market is highly concentrated, with the top four players accounting for a total market share of 89.9% in terms of revenues from autonomous mining in the six months ended June 30, 2024, while the market share of each remaining player is below 5%. CiDi was the largest autonomous mining technology company in China in terms of revenue in the six months ended June 30, 2024 and the only one focusing on product sales among the top four players. Autonomous mining companies primarily generate project-based revenue, which can be subject to fluctuations due to the impact of acceptance cycles. China’s autonomous mining market is expected to reach RMB1.0 billion in 2024, while our market share is expected to reach approximately 23%.

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Competitive landscape of China’s autonomous mining market, 2024H1

Company	Business model		Revenue from autonomous mining, RMB million	Market share, %
	Product sales	Fleet operation		
CiDi	●	○	~150	36.5%
Company B	◐	◑	~140	34.3%
Company E	◑	◐	~50	12.0%
Company F	○	●	~30	7.2%

Notes: ● represents high revenue proportion, ○ represents low revenue proportion

- (1) Company E is an autonomous driving company headquartered in China and founded in 2018. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.
- (2) Company F is an autonomous driving company headquartered in China and founded in 2016. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.

Competitive analysis of China’s autonomous mining market

The table below presents a competitive analysis of autonomous mining technologies offered by CiDi and its key competitors.

Comparison of Autonomous Mining in China

Company	Fleet transportation efficiency, %	Large-scale mixed fleet operation	Obstacle detection accuracy	Delay of video transmission, ms	Position error, m
CiDi	104%	✓	40m; 10*10cm	<100	<0.1
Company B . . .	85%	✓	30m; 30*30cm	<150	<0.2
Company E . . .	100%	×	80m; 30*30cm	<150	<0.2
Company F . . .	85%	×	30m; 30*30cm	<150	<0.2

Notes:

1. Fleet transportation efficiency refers to the transportation efficiency achieved by an autonomous fleet compared to that of a human-driven truck fleet.
2. Large-scale mixed fleet operation refers to the simultaneous operation of human-driven and autonomous vehicles within a fleet comprising several hundred vehicles.
3. Obstacle detection accuracy measures the system’s ability to recognize the location, size, shape, and other characteristics of obstacles under various environments.
4. Delay of video transmission refers to the time lag that occurs during the transmission of signals over a wireless network from the video source to the receiving end.
5. Position error refers to the deviation in determining the vertical position of a point relative to a reference level.

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Entry Barriers of China’s Autonomous Mining Industry

- **Strong R&D Capabilities:** Autonomous mining involves the integration of multiple core technologies, including perception, V2X, intelligent scheduling and remote control, requiring companies to possess strong, comprehensive technical capabilities. Additionally, to achieve the commercialization of autonomous mining, companies must address the complex scenarios of mixed operations involving both manned and unmanned mining trucks. The complexity of these high-density, mixed environments is comparable to that of urban traffic, demanding extremely rigorous technical standards. As a result, autonomous mining technology companies that achieved early commercialization have the first-mover advantage to access valuable real-world mining data, enabling them to continuously improve their autonomous driving algorithms and establish high technical barriers for new entrants.
- **Sophisticated Methodologies:** While mining areas are closed environments with relatively simple road structures, their operational conditions are highly complex, featuring challenging terrain such as large dirt areas, steep slopes, sharp turns and irregular roads, along with dense vehicle distribution. Leveraging years of research and commercialization experience, leading autonomous mining companies have developed a set of methodologies to ensure that their vehicles can adapt to the complex conditions of mining sites. In contrast, new entrants often lack a deep understanding of mining site conditions, making it difficult for them to offer products of comparable quality.
- **High Product Reliability and Versatility:** Autonomous mining products must be highly reliable to operate stably in harsh mining environments, such as dust, strong winds, rain and snow. Additionally, autonomous mining products must be highly versatile to adapt to varying mining operations, environments and tasks. Compared to new entrants who bear high costs to customize vehicles for differing mining environments, leading autonomous mining companies adopt a platform-based approach that enables their products to adapt to varying mining sites, thereby reducing customization costs and improving cost efficiency.
- **Integrated Supply Chain:** Supply chain integration is crucial for cost reduction, efficiency gains and sustainable profitability. Leading autonomous mining technology companies have established strong partnerships with upstream suppliers, such as OEMs and other hardware or software suppliers, to ensure a stable supply chain and reasonable cost control. Meanwhile, they have also built deep relationships with downstream mining clients, who provide them with stable market share and ongoing revenue sources. In contrast, new entrants are unable to integrate their supply chain due to the lack of market recognition.

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Major Cost Analysis for Autonomous Mining Trucks

The mining truck body and the autonomous driving solution installed encompass the major costs of an autonomous mining truck.

According to CIC, the average price of an ordinary mining truck is approximately RMB1.5 million in 2023. As technology continues to advance and manufacturing costs continue to decrease due to economies of scale, the average price of mining trucks is projected to steadily decline over time.

Meanwhile, the cost of the autonomous driving solution installed is largely dependent on the cost of the underlying automotive semiconductors. The average global price of automotive semiconductors rose approximately 10% in 2022, due to disruptions on the global auto-part supply chain during COVID-19. Such impact began to ease in the second half of 2023, and the average price growth of automotive semiconductors subsequently slowed to around 5.0% in 2023. Price growth is expected to become negative starting from 2024, as supply-demand dynamics stabilize post-pandemic, according to CIC.

OVERVIEW OF CHINA’S V2X INDUSTRY

Overview of V2X

Vehicle intelligence and V2X are two complementary technological approaches to achieving autonomous driving across various scenarios. Vehicle intelligence integrates perception, decision-making, and control technologies to enable autonomous driving. However, it cannot overcome challenges such as out-of-sight obstacles and has difficulty integrating with existing roadside infrastructure. V2X is complementary to vehicle intelligence, helping to realize autonomous driving across various scenarios.

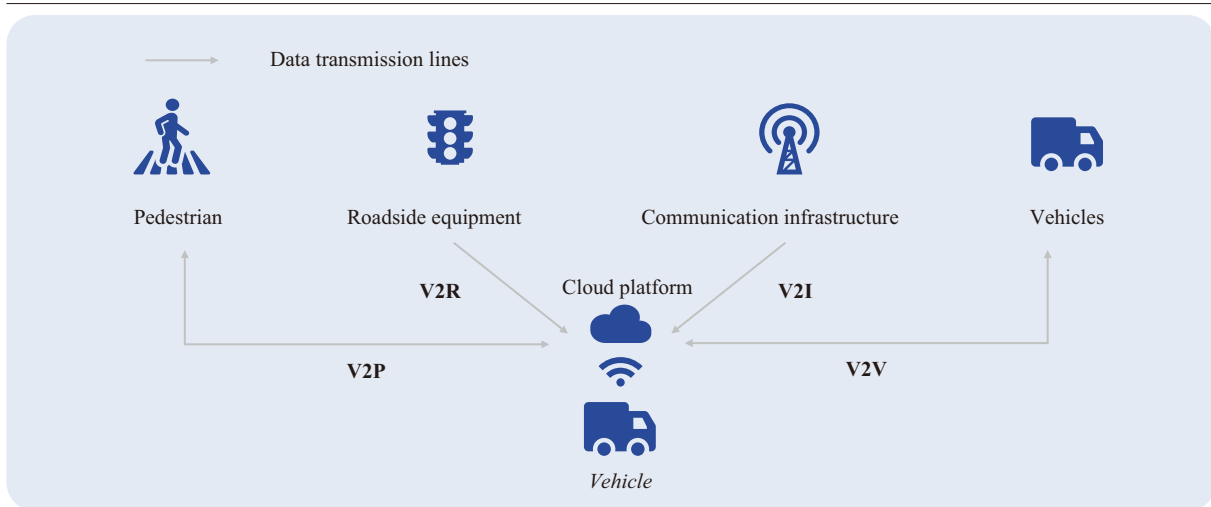
V2X enhances safety, efficiency and intelligence in transportation systems by enabling coordination between vehicles, roadside infrastructure, cloud platforms and communication networks. It is crucial in overcoming the final hurdles of autonomous driving implementation. Addressing the information blind spots of vehicle intelligence, V2X helps vehicles better navigate through complex traffic conditions, improving the safety and reliability of autonomous driving. Additionally, V2X enables coordinated control both between vehicles as well as between vehicles and roadside infrastructure, allowing for shared driving intentions and avoiding conflicts over road usage, thereby enhancing overall efficiency of the transportation system.

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V2X typically comprises four main components: on-board unit, roadside infrastructure, a cloud platform with software algorithms and communication infrastructure. These components work together to create an intelligent and efficient traffic management system:

- **On-Board unit:** The OBU collects vehicle status information and transmits data to other vehicles or roadside infrastructure.
- **Roadside device:** Roadside device includes the roadside unit (RSU) and roadside sensing devices (such as cameras, LiDAR and mmWave radar). The sensing devices monitor and broadcast real-time road conditions, while the RSU communicates with the OBU and the cloud platform via V2X communication infrastructure.
- **Cloud platform:** Serving as the data processing and decision-making center, the cloud platform aggregates and analyzes data from the OBUs and RSUs, providing comprehensive traffic optimization plans and control commands.
- **Communication infrastructure:** Communication infrastructure comprises 4G and 5G network base stations, which ensure efficient and stable data and information transmission in V2X.

Schematic diagram of V2X



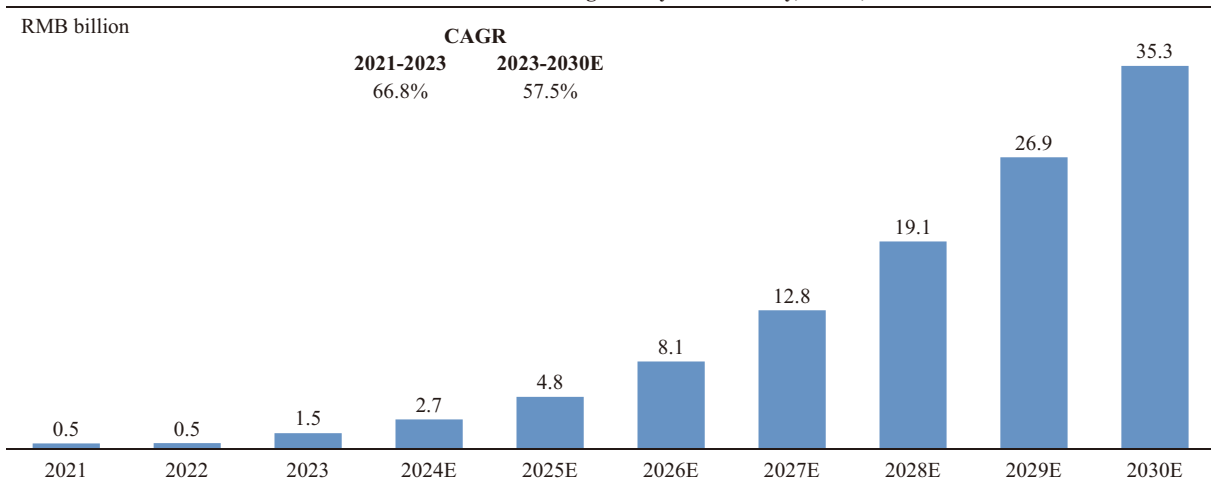
China’s V2X market has reached a breakthrough point. Technological advancements in 5G communication, sensing and artificial intelligence have enhanced the performance and reliability of V2X. The Chinese government has issued a series of policies and standards to encourage the development and commercialization of V2X and autonomous driving technologies. Additionally, the government has actively promoted the construction of V2X pilot zones. So far, China has

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established 17 national-level intelligent connected vehicle demonstration zones, 7 national V2X pilot zones, and 16 dual-intelligence pilot cities, accelerating the commercialization of V2X and growth in China’s V2X market.

The national intelligent vehicle demonstration and V2X pilot zones have pioneered the integration of vehicles, roadside infrastructure and cloud platforms, creating a fully coordinated vehicle-road-cloud integrated system, which serve as crucial pilot projects for V2X development in China. In 2023, the market size of China’s vehicle-road-cloud integrated systems reached RMB1.5 billion, which is expected to grow rapidly over the next few years and reach RMB35.3 billion by 2030, at a CAGR of 57.5% from 2023 to 2030.

Market size of vehicle-road-cloud integrated system industry, China, 2021-2030E



Drivers of China’s V2X Industry

- Favorable Government Policy:** Government support is a key driver for the development of the V2X industry. The Chinese government introduced a series of policies related to intelligent connected vehicles, including the construction of V2X infrastructure, the promotion of intelligent vehicle applications, the improvement of cloud platforms and the expansion of application scenarios. For example, (i) The government issued the *Notice on Designating the First Batch of Pilot Cities for the Coordinated Development of Smart City Infrastructure and Intelligent Connected Vehicles* in 2021. By establishing pilot zones and test cities in specific regions, the government actively explores use cases and develops replicable and scalable methodologies, attracting investments worth hundreds of billions to the market. As of June 30, 2024, China has established 7 national V2X pilot zones and 16 dual-intelligence pilot cities, continuously expanding application scenarios and injecting strong momentum into the industry’s growth; (ii) In 2024, five ministries have jointly announced *Notice on Launching the Integration Vehicle-Road-Cloud Application Pilot for Intelligent Connected Vehicles*, promoting the construction of vehicle-road-cloud integrated systems, and V2X is gradually becoming a new driving force for the future growth of the country’s automotive industry.

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- **Demand for Traffic Safety:** Due to increasing private vehicle ownership and the growing complexity of traffic conditions, the number of traffic accidents continues to rise, causing economic losses of trillions of dollars annually. V2X can significantly reduce traffic accidents, such as chain collisions and red-light running incidents, by communicating traffic conditions and sending warnings to vehicles.
- **Increased Demand for Urban Traffic Efficiency:** As urbanization accelerates and population density increases, the demand for fast and convenient travel grows. V2X integrates information from vehicles, roadside infrastructure and cloud platforms, helping traffic management authorities monitor traffic conditions, optimize routes and precisely control traffic flow, thereby significantly improving efficiency and reducing congestion.
- **Improved Smart Roadside Infrastructure:** Continuously improved roadside infrastructure has laid a solid foundation for the application of V2X. Technologies such as RSUs, sensing devices and edge computing enable real-time data collection and information exchange between roads and vehicles, supported by intelligent algorithms for data processing and integration. As more smart roadside devices are deployed in the future, V2X will continue to advance.
- **Enhanced Feasibility of V2X Deployment:** With advancements in intelligent sensing, artificial intelligence and 5G communication, along with the gradual establishment of pilot zones, China’s V2X technology is becoming increasingly mature. V2X’s economic benefits are steadily improving, significantly enhancing its deployment ability and establishing a critical foundation for the future development of smart transportation.

OVERVIEW OF CHINA’S HIGH-PERFORMANCE PERCEPTION SOLUTIONS FOR RAIL TRANSIT AND COMMERCIAL VEHICLES INDUSTRY

Overview of High-Performance Perception Solutions for Rail Transit and Commercial Vehicles

High-performance perception solutions utilize various sensors, such as cameras, radar, LiDAR and mmWave radar, along with AI algorithms and data processing technologies, to actively monitor and perceive the surrounding environment, vehicle conditions and driver status. These systems provide strong support for the safe operation and efficient management of rail transit and commercial vehicles. Key functions of high-performance perception solutions include smart object detection and classification, AEB (Automatic Emergency Braking), BSD (Blind Spot Detection), FCW (Forward Collision Warning), LDW (Lane Departure Warning) and DMS (Driver Monitoring System), etc..

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In the operation of rail transit and commercial vehicles, the large size and limited driver visibility of these vehicles often result in significant blind spots. Additionally, it is challenging for these vehicles to halt in emergency situations because of their heavy weight. The implementation of high-performance perception solutions effectively addresses these challenges by providing the following functionalities:

For Rail Transit:

1. Utilizes environmental perception and intelligent monitoring systems to detect and address potential safety hazards promptly, enhancing the safety of rail transit operation.
2. Provides real-time data on train positioning, speed and other critical information to support train scheduling systems, optimizing train dispatch and improving punctuality and operational efficiency.

For Commercial Vehicles:

1. Monitor the surrounding environment, vehicle status and driver behavior in real-time, enhancing driving safety and reducing traffic accidents.
2. Integrated with insurance services, potentially reducing commercial vehicle claim rates by nearly 40%, saving costs for insurers and lowering the total cost of ownership for logistics companies by approximately 10%.

According to CIC, the market size of China’s high-performance perception solutions for rail transit and commercial vehicles reached RMB0.9 billion in 2023 and is projected to grow to RMB10.8 billion by 2030, at a CAGR of 42.7% from 2023 to 2030. The potential market size for these solutions in China is also substantial, with a total addressable market size¹ of approximately RMB508.4 billion in 2023.

Drivers of the China’s High-Performance Perception Solutions for Rail Transit and Commercial Vehicles market

- **Heightened Safety Demand:** The increasing volume of traffic and the growing complexity of road conditions have made it imperative for commercial vehicles to prioritize reducing accidents and ensuring the safety of drivers and cargo. Meanwhile, rail transit, as a crucial component of urban transportation with significant daily passenger volumes, also plays a vital role in public safety. Utilizing advanced sensing and control technologies, high-performance

¹ The total addressable market is calculated based on the installed base of rail transit and commercial vehicles, assuming the penetration rate is 100%.

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perception solutions significantly enhance transportation safety of rail transit and commercial vehicles and reduced accident risks, leading to increased demand for rail transit and commercial vehicles.

- **Technological Advancement:** Technological advancements, such as artificial intelligence and big data analytics, lay the foundation for the intelligent transformation of rail transit and commercial vehicles. For instance, AI algorithms based on computer vision can efficiently process images and accurately identify objects, enabling real-time detection of obstacles ahead of trains and enhancing operational safety.
- **Favorable Policy:** The Chinese government prioritizes the safe operation of commercial vehicles and development of smart urban transportation. Various policies have given clear direction for promoting high-performance perception solutions and supporting relevant enterprises with financial subsidies, tax incentives, and research funding.

SOURCE OF INDUSTRY INFORMATION

We commissioned CIC to conduct research on, provide an analysis of, and to produce the CIC Report on the commercial vehicle autonomous driving industry in China. CIC is an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting services to both institutional investors and corporations.

We have agreed to pay RMB500,000 to CIC for the preparation of the CIC Report. CIC conducted both primary and secondary research. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from publicly available data sources, such as National Bureau of Statistics of China and public disclosure by relevant industry players, among others.

CIC’s projection on the market sizes of the above-mentioned industries in China are based on the following assumptions: (i) the overall global social, economic and political environment is expected to maintain a stable trend over the next decade; (ii) related key industry drivers are likely to continue propelling growth in these industries in China during the forecast period; and (iii) there are no extreme force majeure events or industry regulation changes which may dramatically or fundamentally affect the market situation. Our Directors confirm that, after making reasonable enquiries, there has been no adverse change in the market information since the date of the CIC Report that may qualify, contradict or have a material impact on the information in this section.

REGULATORY OVERVIEW

We have been and will continue to be governed by relevant PRC laws and regulations. The PRC government authorities promulgate and enforce relevant PRC laws and regulations, including national and regional laws and regulations. This section contains a summary of the major regulatory and legal requirements that are currently relevant to the Company’s business. As the relevant PRC laws and regulations are still evolving, it is difficult for us to predict the impact of such changes on our business and the additional compliance costs.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

Trial Administrative Measures of Overseas Securities Offering and Listing of Domestic Companies

On February 17, 2023, upon approval by the State Council, the China Securities Regulatory Commission (the “CSRC”) released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “**Trial Administrative Measures**”) and five supporting guidelines, which came into effect on March 31, 2023. The Trial Administrative Measures significantly reformed the regulatory system of the direct or indirect offering of securities and listing by PRC domestic enterprises in overseas markets to a filing system.

According to the Trial Administrative Measures, (i) a domestic enterprise in the PRC that directly or indirectly issues securities outside the PRC or lists and trades its securities outside the PRC shall file with the CSRC and submit the relevant materials; if a domestic enterprise fails to comply with the procedures for filing, or if there are false records, misleading statements or material omissions in the filed materials, such domestic enterprise may be subject to administrative penalties such as rectification order, warnings, fines, and so forth, and the controlling shareholders, actual controllers, officers in charge and other persons directly responsible who instigate others to do the aforesaid illegal acts or concealing the relevant matters that have led to the occurrence of the aforesaid circumstances may also be subject to administrative penalties such as warnings, fines, and so forth; (ii) the direct overseas issuance and listing of a domestic enterprise refers to the overseas issuance and listing of shares of a joint stock limited company registered and established in the PRC; and (iii) any domestic joint stock limited company shall file a report with the CSRC within three working days after the submission of its application for an overseas listing. A PRC domestic enterprise that fails to complete the filing in accordance with the Trial Administrative Measures may be ordered to make corrections, given a warning and fined not less than RMB1 million and not more than RMB10 million by the CSRC.

In addition, overseas offering and listing by domestic companies shall abide by laws, administrative regulations and relevant rules concerning foreign investment in China, state-owned asset administration, industry regulation and overseas investment. Overseas offering and listing

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activities shall not disrupt domestic market order, harm state or public interest or undermine the lawful rights and interests of domestic investors. A domestic company that seeks to offer and list securities in overseas markets shall (i) abide by applicable laws, including the Company Law of the People’s Republic of China and the Accounting Law of the People’s Republic of China, administrative regulations and relevant state rules, and formulate the articles of association, improve internal control system, standardize corporate governance and financial and accounting practices; (ii) abide by national secrecy laws and relevant provisions and take necessary measures to fulfill confidentiality obligations. Divulgence of state secrets or working secrets of government agencies is strictly prohibited. Provision of personal information, important data, etc. to overseas parties in relation to overseas offering and listing of domestic companies shall be in compliance with applicable laws, administrative regulations and relevant state rules. Furthermore, the Trial Administrative Measures also stipulates that no overseas offering and listing shall be made under any of the following circumstances (among others) (i) where such fund-raising by listing is explicitly prohibited by provisions in Chinese laws, administrative regulations or relevant state rules; (ii) where the overseas offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) where the domestic company intending to make the overseas offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the overseas offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to laws, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that is/are controlled by the controlling shareholder(s) and actual controller.

Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to the CSRC within 3 working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Where an issuer’s main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within 3 working days after the occurrence of the changes.

To enhance confidentiality and archive management for domestic enterprises’ overseas offerings and listings, the CSRC, the Ministry of Finance of the People’s Republic of China (the “MOF”), the National Administration of State Secrets Protection, and the National Archives

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Administration revised relevant regulations. The updated Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC Announcement [2009] No. 29) (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》(證監會公告[2009]29號)) were replaced with the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC Announcement [2023] No. 44) (《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》(證監會公告[2023]44號)) (the “**Provisions on Confidentiality**”) on February 24, 2023. The Provisions on Confidentiality now covers domestic joint stock limited companies seeking direct overseas issuance and listing and domestic operating entities with subjects seeking indirect overseas issuance and listing. The Provisions on Confidentiality outlines the procedural requirements and specify enterprises’ confidentiality responsibilities and accounting archives administration, in alignment with the Trial Administrative Measures. Pursuant to the Provisions on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the examination and approval department for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to such entities as securities companies, securities service institutions and overseas regulatory authorities and individuals shall perform the corresponding procedures pursuant to the relevant provisions of the State.

Regulations Relating to the H Share Full Circulation

“Full circulation” means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including domestic unlisted shares held by domestic shareholders prior to overseas listing, domestic unlisted shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) (the “**Guidelines for the Full Circulation**”), which was revised on August 10, 2023. The Guidelines for the Full Circulation allows certain qualified H-share listed companies and H-share companies intended for listing to apply to the CSRC for full circulation.

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements in the relevant laws and regulations and the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said

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application for full circulation with the CSRC. And domestic companies limited by shares that have not been listed may file with the CSRC for full circulation at the time of their initial offering and listing overseas. Moreover, according to the Trial Administrative Measures, shareholders holding unlisted shares in China shall apply for converting such shares into overseas listed shares and listing them on overseas trading venues for circulation in accordance with the relevant provisions of the CSRC, and entrust the domestic enterprises to file with the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股「全流通」業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc., are subject to the Measures for Implementation.

China Securities Depository and Clearing (Hong Kong) Company Limited also issued the Guide to the Program for Full Circulation of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南》) (the “**Guide to the Program**”) in September 2024, which stipulates relevant escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

According to the Measures for Implementation of H-share Full Circulation Business and the Guide to the Program, shareholders who apply for H Share Full Circulation (“**Participating Shareholders**”) shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal holder, deposits the relevant securities held by Participating Shareholders at China Securities Depository and Clearing (Hong Kong) Company Limited (“**CSDCHK**”), and CSDCHK will then deposit the securities at HKSCC in its own name, and exercise the rights to the securities issuer through HKSCC, while HKSCC Nominees as the ultimate nominal shareholder will be listed on the register of shareholders of H-share listed companies. According to the Guide to the Program for Full Circulation of H-shares, H-share listed companies shall be authorized by Participating Shareholders to designate the only domestic securities company (“**Domestic Securities Company**”) to participate in the transaction of converted H shares. The specific procedures are as follows:

Participating Shareholders submit trading orders of the converted H Shares through the Domestic Securities Company, which transmits the orders to the Hong Kong Securities Company designated by the Domestic Securities Company through Shenzhen Securities Communication

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Co., LTD.; and Hong Kong Securities Company conducts corresponding securities transactions in the Hong Kong market in accordance with the aforementioned trading orders and the rules of the Hong Kong Stock Exchange.

According to the Guide to the Program for Full Circulation of H-shares, upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDCHK, CSDCHK and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

REGULATIONS AND POLICIES RELATING TO THE AUTONOMOUS DRIVING AND INTELLIGENT CONNECTED VEHICLE INDUSTRY

Regulations and Industry Development Policies Relating to the Autonomous Driving and Intelligent Connected Vehicle Industry

On December 27, 2017, the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”), the Ministry of Transport of the People’s Republic of China (“MOT”) and the National Standardization Administration jointly released China’s intelligent connected vehicle standard system — the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) (MIIT Lianke (2017) No. 322) (《國家車聯網產業標準體系建設指南(智能網聯汽車)》) (工信部聯科〔2017〕332號), as amended on July 18, 2023, which make a systematic plan and deployment for China’s intelligent connected vehicle standard system and established the Intelligent Connected Vehicles Sub technical Committee of the National Automotive Standardization Technical Committee, coordinate the construction of the standard system for intelligent connected vehicles. As of now, the first phase of the construction of the intelligent connected vehicle standard system has been successfully completed. Moreover, according to the construction method of the technical logical structure and product physical structure of intelligent connected vehicles, taking into account different functional requirements, product and technology types, and information flow between various subsystems, the Guidelines for the Construction defines the standard system framework of intelligent connected vehicles as four parts: “Foundation”, “General Specifications”, “Product and Technology Applications”, and “Relevant Standards”. Foundation mainly includes three types of basic standards, such as terminologies and definitions, classification and coding, identifications and symbols of intelligent connected vehicles. General Specifications put forward the overall requirements and specifications from the vehicle level, mainly including function evaluation, human-machine interface, function safety and information safety. Product and Technology Applications mainly cover the functions, performance requirements, and testing methods of core technologies and applications of intelligent connected vehicles, such as information perception, decision warning, auxiliary control, automatic control, and information interaction. Relevant Standards mainly include communication protocols, the foundation of vehicle information

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communication, which mainly cover protocol specifications on medium, short-range communication, wide area communication and other aspects of the realization of intelligent information interaction among vehicles (persons, vehicles, roads, clouds, etc.), and they also include standard specifications for software and hardware interface between various physical layers and different application layers.

In order to implement the National Standardization Development Outline (《國家標準化發展綱要》), promote the high-quality development of the intelligent connected vehicle industry, and accelerate the construction of an automobile power, the MIIT has revised and improved the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) based on the development of the intelligent connected vehicle technology industry, further formed the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) (2023 Edition) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)》), which provided that the government will establish a standard system for intelligent connected vehicles that adapts to China’s national conditions and is in line with international standards in stages based on the current status of intelligent connected vehicle technology, industry needs, and future development trends. Moreover, regarding the stage 1 to 2025, the government will systematically form a system of standards for intelligent connected vehicles that can support the combined driving assistance and general functions of autonomous driving and formulate and revise over 100 relevant standards for intelligent connected vehicles to satisfy the demand for standardization of intelligent connected automobile technology, industry development and government administration. Regarding the stage 2 to 2030, a standard system for intelligent connected vehicles that can support the coordinated development of bicycle intelligence and connected vehicle empowerment will be fully formed, and the government will formulate and revise more than 140 standards related to intelligent connected vehicles, and establish an implementation effect evaluation and dynamic improvement mechanism to satisfy the demand for full-scene application of combined driving assistance, autonomous driving and networked functions. Furthermore, the government will establish and improve a safety guarantee system, as well as a support system for software, hardware, and data resources. The coordination of international standards and regulations in key areas such as autonomous driving will reach an advanced level.

As one of the priority basic general standards proposed in the guidelines for the construction of the standard system, the Taxonomy of Driving Automation for Vehicles (《汽車駕駛自動化分級》) was promulgated by the State Administration for Market Regulation and the National Standardization Administration on August 20, 2021 and became effective on March 1, 2022, which refers to the corresponding standard of Society of Automotive Engineers, and stipulates that the standards for autonomous driving can be divided into: Level 0 (emergency assistance), Level 1 (partial driver assistance), Level 2 (combined driver assistance), Level 3 (conditionally automated driving), Level 4 (highly automated driving) and Level 5 (fully automated driving). Specifically,

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Level 0 requires the driving automation system to have the capability to continuously detect and respond to some objects and events, and when the driver requests the exit of the driving automation system, the control right of the system should be immediately released. Level 1 requires the driving automation system to continuously perform vehicle lateral or longitudinal motion control in a dynamic driving task on the basis of Level 0, and requires the driving automation system to have the capability to detect and respond to some objects and events that matches both lateral or longitudinal motion control of vehicles. Level 2 further requires the driving automation system to satisfy the capabilities matching both lateral and longitudinal motion control of vehicles. Level 3 mainly requires that the driving automation system be able to perform the full range of dynamic driving tasks under its designed operating conditions after activation. Level 4 mainly requires that the driving automation system be able to automatically implement the minimum risk strategy when the relevant event occurs and the user does not respond to the intervention request. Furthermore, Level 5 requires that the driving automation system have no restrictions on the designed operating range, except for commercial and regulatory restrictions and be able to achieve fully automated driving.

Moreover, on February 10, 2020, the Strategies for the Innovative Development of Intelligent Vehicles (《智能汽車創新發展戰略》) was promulgated by the National Development and Reform Commission (“NDRC”), the Office of the Central Leading Group for Cyberspace Affairs, the Ministry of Science and Technology of the People’s Republic of China (the “MOST”) and other eight ministries and commissions. It stipulates that, by 2025, the technological innovation, industrial ecology, infrastructure, regulations and standards, product supervision and cyber security systems for intelligent vehicles with Chinese standards shall be basically formed. Large-scale production shall be reached for intelligent vehicles with conditions for autonomous driving, and market-oriented application of intelligent vehicles featured by highly autonomous driving shall be realized under specific environment. Active progress has been made in the construction of facilities concerning intelligent transportation systems and intelligent cities. Regional coverage shall be realized for automotive wireless communications networks (LTE-V2X, etc.). A new generation of automotive wireless communications networks (5G-V2X) shall be gradually applied in some cities and on highways. Full coverage of the high-precision spatio-temporal reference service network shall be realized. From 2035 to 2050, China’s standard intelligent vehicle system will be fully established and more complete. The vision of a safe, efficient, green and civilized power of intelligent vehicles will be gradually realized, and intelligent vehicles will fully meet the people’s growing needs for a better life.

In January 2022, the Ministry of Transport and the Ministry of Science and Technology jointly issued the Outline for the Mid- to Long-Term Development of Technological Innovation in the Transportation Sector (2021–2035) (《交通領域科技創新中長期發展規劃綱要(2021–2035年)》), outlining initiatives to promote the development and large-scale application of autonomous driving technology.

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Regulations Relating to the Road Testing of Intelligent Connected Vehicles

The MIIT, the Ministry of Public Security of the People’s Republic of China (the “MOPS”) and the Ministry of Transport jointly issued 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)》) on July 27, 2021, which became effective on September 1, 2021. Any entity intending to conduct road testing of autonomous driving vehicles shall apply to the traffic management department of the public security organ for a temporary license plate for each tested motor vehicle through the evidence (including materials such as self-declaration on the road testing safety of the road testing subject (the intelligent connected vehicle) confirmed by the relevant competent authority) and vouchers required by the Provisions on the Registration of Motor Vehicles. To obtain the above-mentioned evidence and temporary license plate, according to the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation), the subject under road testing, the vehicle under road testing, and the driver under road testing must satisfy relevant requirements, including: (i) must be an independent legal entity registered in PRC with the capacity to conduct intelligent connected vehicles-related businesses such as manufacturing, technological research and testing of vehicles and vehicle parts, which has established protocol to test and assess the performance of autonomous driving functionalities and is capable of conducting real-time remote monitor of the vehicle 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 vehicle under road testing and the remote monitor platforms; (ii) the vehicle under road testing must be equipped with a driving system that can switch between autonomous pilot mode and human operating mode in a safe, quick and simple manner and allow real-time conversion to human operating mode under any circumstance; (iii) the tested vehicle must be equipped with the functions of recording, storing and real-time monitoring the condition of the vehicle and be able to transmit real-time data of the vehicle, such as the driving mode, location and speed; (iv) the subject under road testing must sign an employment contract or a labor service contract with the driver of the tested vehicle, who must be a licensed driver with more than three years’ driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving functionalities and proficient in operating the road testing for vehicles; and (v) the subject under road testing 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 subject under road testing should post a noticeable identification logo for an autonomous driving road test on each tested car and should not use autonomous driving mode unless in the road sections and areas specified in the self-declaration on safety. If the subject under road testing intends to conduct road testing with the same or similar functions in the region beyond the administrative territory of the certificate issuing authority, it may submit the original relevant materials to the relevant competent authorities of the provincial or municipal governments where the road testing is to be carried out and apply for a separate license plate. If such provincial or

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municipal government permits the subject under road testing to hold a temporary license plate issued by other provinces or municipalities to conduct road testing in its administrative region, the subject under road testing may carry out the corresponding test after submitting the relevant materials.

On July 30, 2021, the MIIT promulgated the Opinions of the Ministry of Industry and Information Technology on Strengthening the Administration of the 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》), which provides that enterprises should strengthen data security management ability and network security guarantee ability, strengthen management ability and ensure product production consistency. Moreover, enterprises should strengthen product management: (i) Enterprises should strictly perform the obligation of informing. Where the enterprise produces automobile products with driving assistance and autonomous driving functions, it shall clearly inform the vehicle functions and performance limits, driver responsibilities, human-computer interaction equipment indication information, function activation and exit methods and conditions, and more; (ii) Enterprises should strengthen the safety management of combined driving assistance products; (iii) Enterprises should strengthen the safety management of autonomous driving function products; and (iv) Enterprises should ensure reliable space-time information services.

The MIIT, the MOPS, the Ministry of Housing and Urban-Rural Development, and the Ministry of Transport jointly promulgated the Notice of Implementing the Pilot Program of Access and On-Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點工作的通知》) (the “**2023 Pilot**”), which took effect on the same day. Pursuant to the 2023 Pilot, vehicle manufacturers are eligible for carrying out on-road testing for intelligent connected vehicles equipped with autonomous driving functions (referred to as Level 3 autonomous driving function (conditionally automated driving) and Level 4 autonomous driving function (highly automated driving) as provided in the Taxonomy of Driving Automation for Vehicles) and ready for mass production in restricted areas only after passing the product testing and safety assessment conducted by the relevant authorities and obtaining the access approvals from the MIIT.

In addition, on November 21, 2023, the Ministry of Transport issued the Guidelines on Transportation Safety Services for Autonomous Vehicles (for Trial Implementation)《自動駕駛汽車運輸安全服務指南（試行）》，which provides relevant guidance for vehicles which are capable of performing all dynamic driving tasks under designed operating conditions according to relevant national standards and have obtained the access approvals from the MIIT, including but not limited to, requirements for application scenarios, operators of autonomous vehicles, safety and security, supervision and overall management.

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LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

The Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》, the “**FIL**”), which was promulgated on March 15, 2019 and became effective on January 1, 2020, and the Implementing Regulations of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》), which was promulgated in December 2019 and became effective, are the principal laws and regulations governing foreign investment in the PRC and replace three previous major laws on foreign investments in China, namely, the Sino-foreign Equity Joint Venture Law of the People’s Republic of China (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Law of the People’s Republic of China (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law of the People’s Republic of China (《中華人民共和國外資企業法》), together with their respective implementing rules and auxiliary provisions.

Pursuant to the FIL, “foreign investment” refers to investment activities conducted by foreign natural persons, foreign enterprises or other foreign organizations directly or indirectly in the PRC, which include the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment made by foreign investors in other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

According to the FIL, China has implemented a reform of the foreign investment management system, whereby China applies the management system of pre-establishment national treatment and the Negative List for foreign investment. The Negative List will be issued, modified or published upon approval by the State Council from time to time. Foreign investors shall not invest in the prohibited fields as specified in the Negative List, and foreign investors who invest in the restricted fields as specified in the Negative List shall comply with the special management measures for restrictive access under the Negative List. For fields other than the prohibited and restricted investment fields stipulated in the Negative List, management shall be conducted under the principle of consistency for domestic and foreign investment. Foreign-invested enterprises established before the implementation of the FIL may maintain their respective original form of enterprise organization for a period of five years from January 1, 2020.

On December 30, 2019, the Ministry of Commerce of the PRC and the State Administration for Market Regulation (“**SAMR**”), jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign

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investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

The Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) was promulgated by NDRC and MOFCOM on December 19, 2020 and became effective on January 18, 2021. China has established a working mechanism for conducting security reviews of foreign investment, which is responsible for organizing, coordinating, and guiding such reviews. The office of the working mechanism is located in the National Development and Reform Commission. Led by the National Development and Reform Commission and MOFCOM, the working mechanism is responsible for the daily work of the security reviews of foreign investment. The Measures for the Security Review of Foreign Investment define foreign investment as direct or indirect investment by a foreign investor in China, which includes (i) investment in new onshore projects or establishment of enterprises individually or with foreign investors; (ii) acquisition of equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in key areas with bearing on national security, such as major equipment manufacturing, important information technology and internet products and services, key technologies and other important areas, which results in the acquisition of de facto control of investee companies, shall be filed with the working mechanism office before such investment is carried out.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT MANAGEMENT

Foreign Trade

According to the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) (the “**Foreign Trade Law**”) promulgated by the Standing Committee of the National People’s Congress (“**SCNPC**”) on May 12, 1994 and last amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022, pursuant to the pre-amendment Foreign Trade Law, a foreign trade operator who is engaged in the import and export of goods or technologies shall apply to the competent foreign trade authority under the State Council or its entrusted agencies for filing and registration, unless otherwise provided by the laws, administrative regulations and requirements of the competent foreign trade authority under the State Council. Where a foreign trade operator fails to do so, the customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

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The Customs Law

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, and became effective on the same date, the customs of the People's Republic of China is the state's entry and exit customs supervision and administration authority. In accordance with the relevant laws and administrative regulations, the customs are responsible for the supervision of the transport vehicles, goods, luggage, postal items and other items entering into and departing from the PRC, collecting tariff and other duties and charges, investigating and suppressing smuggling, and preparing customs statistics and conducting other customs affairs.

Pursuant to the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) that was promulgated by the General Administration of Customs on November 19, 2021 and became effective on January 1, 2022, customs declaration entities refer to the consignees, consignors of goods imported or exported and customs declaration enterprises filed with the customs. Where the consignee or consignor of goods imported or exported or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY AND TORT LIABILITY

Product Quality

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》), which was promulgated by the SCNPC on February 22, 1993, and was amended and became effective on July 8, 2000, August 27, 2009 and December 29, 2018, respectively, the product quality supervision and administration departments of the State Council are responsible for the supervision of product quality of the whole country. Manufacturers and sellers should establish an internal product quality management system, strictly implement quality specifications for posts. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties. The local market supervision and administration departments at the county level and above shall be responsible for the supervision of product quality in the relevant administrative regions. The relevant departments of the local people's governments at the county level and above shall be responsible for the supervision of product quality within their respective scope of duties.

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Tort Liability

Pursuant to the “Civil Code of the People’s Republic of China” (《中華人民共和國民法典》) (the “**Civil Code**”) issued by the National People’s Congress on May 28, 2020 and entered into force on January 1, 2021, if defective products are identified after they have been put into circulation, the manufacturers and the sellers shall take remedial measures such as stopping of sales, issuance of a warning, recall of products, etc. in a timely manner. If the damage is caused by a defective product or if the manufacturer or the seller fails to take remedial measures in a timely manner, the aggrieved party may claim compensation from the manufacturer or the seller of such product. Where a defect is caused by the fault of the seller, the manufacturer who has paid compensation has the right to indemnification against the seller. Where any manufacturer or seller knowingly produces or sells defective products or fails to take remedial measures in a timely manner and thus causes death or serious damage to the health of another person, such person shall be entitled to claim, in addition to compensation for loss, punitive damages.

LAWS AND REGULATIONS RELATING TO CYBER SECURITY, PROTECTION OF PERSONAL INFORMATION AND DATA SECURITY

Regulations Relating to Cyber Security

The Chinese government has enacted laws and regulations on internet information security and the protection of personal information from any abuse or unauthorized disclosure. From a state security point of view, on December 28, 2000, the SCNPC enacted the Decision on the Protection of Internet Security (《關於維護互聯網安全的決定》), as amended on August 27, 2009, which provides that any of the following activities will be subject to criminal liabilities if constituting a crime: (i) gaining improper entry into any of the computer information systems relating to state affairs, national defense construction, or cutting-edge science and technology; (ii) spreading rumor, slander or other harmful information via the internet for the purpose of inciting subversion of the state political power, overthrow of the socialist system, or inciting secession of the country or undermining of national unity; (iii) stealing or divulging state secrets, intelligence or military secrets via the internet; (iv) spreading false advertising of goods and services via the internet; or (v) infringing on others’ intellectual property via the internet. The Ministry of Public Security (“**MOPS**”) issued the Administrative Measures on Security Protection for International Connections to Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》) on December 16, 1997, which was amended by the State Council on January 8, 2011. These measures prohibit using the internet to leak state secrets or to spread socially destabilizing content. If an internet information service provider violates these measures, the competent authorities may revoke its operating license and shut down its websites.

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On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which became effective on June 1, 2017. According to the Cyber Security Law, network operators, including internet information service providers, shall take technical and other necessary measures as required by applicable laws, regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The Cyber Security Law highlights that any individual or organization shall not endanger cyber security, or engage in any illegal activities that, by making use of the network, endanger the national security, economic order and social order, or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cyber Security Law also restates certain basic principles and requirements for the protection of personal information previously stipulated in other existing laws and regulations, including those mentioned above. Any internet information service provider that violates any provision or requirement in the Cyber Security Law may be subject to warnings, confiscation of illegal income, fines, revocation of business permits or licenses, closure of websites, and even criminal liability.

On December 28, 2021, the Cyberspace Administration of China (the “**CAC**”) issued the revised Measures for Cyber Security Review (《網絡安全審查辦法》) (the “**Revised CAC Measures**”), which became effective on February 15, 2022 and replaced the Measures for Cyber Security Review promulgated on April 13, 2020. The Revised CAC Measures stipulates that if the procurement of network products and services by a critical information infrastructure operator and the data processing activities of a network platform operator affect or may affect national security, it shall apply for cyber security review. According to Article 7 of the Revised CAC Measures, any network platform operator with personal information of more than one million users shall apply to the Cyber Security Review Office for cyber security review prior to listing abroad.

In accordance with the Revised CAC Measures, we are not applicable to the declaration of cyber security review, on the basis that: (i) According to Article 10 of Regulations on the Security Protection of Critical Information Infrastructure, the security protection departments of critical information infrastructure will timely notify the identification results to the operators. As of the Latest Practicable Date, we had not received such notification from relevant government authorities regarding the identification as a CII. In addition, the network products and services that we purchase and use are general network products and services available in the marketplace without significant risks of supply chain disruption. Therefore, we should not be deemed as an operator of critical information infrastructure. (ii) We have not received any material queries or notifications from the CAC or other PRC government authorities, have not received any notification with regard to cyber security review, and have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cyber security, data and personal information protection. (iii) Our business does not involve the

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cross-border transfer of personal information and important data. (iv) We have established a basic cyber security and data protection system pursuant to the Data Security Law of the PRC and other applicable laws and regulations. (v) During the Track Record Period and up to the Latest Practicable Date, there had not been a significant cyber security or data protection incident regarding theft, leakage, damage or loss of data or personal information. (vi) Based on the consultation with China Cybersecurity Review, Certification and Market Regulation Big Data Center (the agency entrusted by the Cyber Security Review Office to carry out the specific work of cyber security review), Hong Kong is not included in the definition of “abroad” hereof and listing in Hong Kong is not in the scope of “listing abroad”, which is not required to apply for cyber security review. (vii) The amount of personal information we process is very limited, not reaching the threshold of one million.

Regulations Relating to the Protection of Personal Information and Data Security

On August 20, 2021, the Law of the People’s Republic of China on the Protection of Personal Information (《中華人民共和國個人信息保護法》, the “**Personal Information Protection Law**”) was promulgated by the SCNPC and came into effect on November 1, 2021. The Personal Information Protection Law stipulates, among others, the circumstances under which a personal information processor could process personal information, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a contracting party or for conducting human resource management under the labor rules and regulations developed in accordance with the law and a collective contract signed in accordance with the law; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons’ life, health and property safety under emergency circumstances; (v) the personal information that has been disclosed is processed within a reasonable scope in accordance with Personal Information Protection Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, or other activities in the public interest; or (vii) any other circumstance provided by any law or administrative regulation occurs.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was promulgated by the Standing Committee of the National People’s Congress on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law establishes a classified and tiered protection system based on the data’s importance for economic and social development and the degree of harm to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data are tampered with, destroyed, divulged, or illegally acquired or used. The “important data” as determined by the competent government authorities should be treated with a higher level of protection. State export controls shall be imposed on data related to the safeguarding of national security and interests and the fulfillment of international

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obligations. In addition, the Data Security Law stipulates that processors of important data shall specify the person in charge of data security and the management organization, and implement the responsibility for data security protection, and that such processors shall carry out regular risk assessments of their data processing activities and submit risk assessment reports to the relevant competent authorities. In violation of the Data Security Law, the relevant entity or person may be ordered to make corrections, given a warning, subject to fines, suspension of operations, revocation of relevant business permits or licenses, or even subject to criminal liabilities.

Moreover, in accordance with the Cyber Security Law: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations and the agreement between both parties; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information for others without the consent of the persons whose data is collected, except where it has been processed in such a manner that it is not traceable to a specific person and not recoverable. Furthermore, pursuant to the Cyber Security Law, personal information and important data collected and generated by critical information infrastructure operators in their operations within China shall be stored in China.

According to the Ninth Amendment to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) that was issued by the SCNPC on August 29, 2015 and became effective on November 1, 2015, any network service provider who fail to fulfill its management obligations of information network security stipulated in the laws and administrative regulations, and refuse to take corrective measures after being ordered to do so, will be subject to criminal punishment. Pursuant to the Notice of Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《關於依法懲處侵害公民個人信息犯罪活動的通知》), which was issued by the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on April 23, 2013 and became effective on the same day, and the Interpretation on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《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》), which was issued by the Supreme People's Court and the Supreme People's Procuratorate on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute a crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information for specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing others legitimately collected personal

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information relating to a citizen without such citizen’s consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen’s personal information in violation of applicable rules and regulations when performing duties or providing services; or (iv) obtaining a citizen’s personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. In addition, according to the Interpretations on Several Issues Concerning the Application of the Law in Handling Criminal Cases Involving Crimes of Illegally Using the Information Network or Providing Aid for Criminal Activities regarding Information Network (《關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》), which was issued by the Supreme People’s Court and the Supreme People’s Procuratorate on October 21, 2019 and took effect on November 1, 2019, a violator refusing to perform the obligation of safety management for the information network, causing the disclosure of user information, and falling under one of the following circumstances shall be deemed “causing serious consequences” as prescribed under the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》): (i) causing the disclosure of not less than 500 pieces of location information, communication content, credit information, and property information; (ii) causing the disclosure of not less than 5,000 pieces of accommodation information, communication records, health and physiological information, transaction information and other user information that may affect personal or property safety; (iii) causing the disclosure of not less than 50,000 pieces of user information other than the information set forth in items (i) and (ii); (iv) causing the disclosure of user information which quantity does not meet the standards set forth in items (i), (ii) and (iii), but meets the relevant quantity standards after conversion at the corresponding proportion in aggregate; (v) causing deaths, serious injuries, mental disorders or kidnapping of others, or other serious consequences; (vi) causing material economic losses; (vii) seriously disturbing the social order; or (viii) causing other serious consequences.

On September 24, 2024, the State Council promulgated the Regulation on Network Data Security Management (《網絡數據安全管理條例》) (the “**Network Data Security Regulations**”), which will come into effect on January 1, 2025. The Network Data Security Regulations harmonized the current legislation on cybersecurity and data protection on an administrative regulation level, covering a wide range of topics, including without limitation personal information processing, important data security, regulations on network security products and services, incident report obligations, cross-border data transfer, the responsibilities of internet platform providers. The Network Data Security Regulations define important data as the data in a specific field, group or region or with a certain precision and scale, which, once tampered with, destroyed, divulged, illegally obtained or illegally used, may directly endanger national security, economic operation, social stability, public health and security. Handlers of important data shall conduct risk assessment prior to providing, entrusting others to process or jointly processing important data, except for the performance of statutory duties or obligations. It is also stipulated by the Network

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Data Security Regulations that, where network data handlers carry out network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant national regulations.

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)》) (the “**Provisions on Automobile Data Security**”) was jointly promulgated by the CAC, the MIIT and other government authorities on August 16, 2021 and became effective on October 1, 2021. In accordance with the Provisions on Automobile Data Security, automobile data include both personal information and important data involved in the process of automotive design, production, sales, use, operation and maintenance. “Important data” means data that may endanger national security, public interest, the legitimate rights and interests of individuals and organizations once tampered with, destroyed, divulged, or illegally acquired or used. Automobile data processors are defined as entities that carry out automobile data processing activities, including automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and mobility service enterprises. They shall carry out automobile data processing activities (including the collection, storage, use, processing, transmission, provision, and disclosure of automobile data) in accordance with the Provisions on Automobile Data Security. The automobile data processors shall carry out risk assessments for their important data processing activities and submit a report to relevant government authorities. Important data shall be stored in China in accordance with the law. Automobile data processors that have to carry out cross-border data transfers due to business needs shall pass the security assessment organized by the CAC in conjunction with the relevant authorities under the State Council, and shall follow the purpose, scope, mode, and type and size of the data specified in the security assessment of cross-border data transfers. In addition, the Provisions on Automobile Data Security encourages automobile data processors to adhere to the following principles when carrying out automobile data processing activities: (i) the principle of in-vehicle processing, and avoid providing automobile data outside the vehicle unless necessary; (ii) the principle of non-collection by default, and set the state of non-collection by default each time unless otherwise set by the driver on his/her own initiative; (iii) the principle of applying the range of accuracy, and determining the coverage and resolution of cameras, radar, etc., based on the requirements of the provided functional service for data accuracy; and (iv) the principle of desensitized processing, and anonymizing and de-identification of the data whenever possible. When processing the personal information of an individual, automobile data processors shall, through the user’s manual, the on-board display, voice or applications related to the use of the vehicle or other conspicuous ways, inform such individual of the type of personal information being processed, the specific scenarios in which the information is collected and the ways and methods for stopping collection, the purpose, usage and processing mode, the location where the information is stored, the storage life, the ways and methods for exercising the rights of the data subject to access, reproduce and request deletion, as well as the name and contact information of the contact person for the user’s rights and other matters.

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Moreover, On July 7, 2022, the CAC promulgated the Measures for Security Assessment of Cross-border Data Transfers (《數據出境安全評估辦法》), which took effect on September 1, 2022. According to the Measures, a data processor shall, through the local cyberspace administration at the provincial level, apply for security assessment of cross-border data transfers when it provides data for a recipient outside the PRC under any of the following circumstances: (i) where a data processor transfers important data to overseas recipients; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals transfers personal information to overseas recipients; (iii) where a data processor, who has provided personal information of more than 100,000 individuals, or sensitive personal information of more than 10,000 individuals in total since January 1 of the previous year, transfers personal information to overseas recipients; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for cross- data transfers is required. As of the Latest Practicable Date, our business does not involve any cross-border transfer of personal information and important data. Therefore, the Measures for Security Assessment of Cross-border Data Transfers does not apply to us. In the future, if it is necessary to transfer personal information or important data to overseas recipients for business purposes, we will fulfill our obligation to go through the cross-border transfer formalities in advance.

As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents relating to data leakage, violation of data protection laws or regulations, or any investigations or other legal proceedings against us in relation thereto. Based on the above facts and confirmed by our PRC legal adviser as to data security laws, our Directors believe that as of the Latest Practicable Date, we have complied with the Cyber Security Law, the Data Security Law, and the Personal Information Protection Law in all materials aspects.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and revised respectively on February 22, 1993, October 27, 2001, August 30, 2013, and April 23, 2019, and became effective on November 1, 2019, and the Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and revised on April 29, 2014, and became effective on May 1, 2014, the Trademark Office of the administrative department for industry and commerce under the State Council shall take charge of matters concerning trademark registration and administration in

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China. The valid period of a registered trademark shall be ten years from the date of approval of the registration. Upon expiry of the valid period, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. If the registrant fails to do so within the period, an extension period of six months may be granted. The valid period for each renewal of registration shall be ten years. Where an applicant for trademark registration files an application for trademark registration in China within six months of filing the first application for registering the same trademark for the same goods in a foreign country, the applicant may have priority in accordance with any agreement concluded by and between the PRC and the foreign country concerned, or with the international treaty to which both countries are parties, or on the basis of the principle of priority recognized by both parties. In the event that an applicant uses a trademark for the first time on goods displayed at an international exhibition organized or recognized by the Chinese government, the applicant may be entitled to priority provided that it files an application to register the trademark within six months from the date of the exhibition. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use its registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. The party authorized to use others' registered trademark shall indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others to use the registered trademarks, the licensor shall file the license of the trademarks with the Trademark Office for record, which shall announce the same. Without putting the licensing of the trademark on records, the trademark shall not be effective against a bona fide third party.

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively, and became effective on June 1, 2021, and the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001 and revised on December 28, 2002, January 9, 2010, December 11, 2023, and became effective on January 20, 2024, the patent administration department under the State Council shall be responsible for the patent-related work in China. It accepts and examines patent applications in a uniform way and grants patent rights in accordance with the law. The Patent Law of the People's Republic of China and its implementation rules provide for three types of patents, "invention", "utility model" and "design". An invention or a utility model for which a patent is granted shall be novel, inventive and practical. Any design for which patent right may be granted shall not be an existing design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design

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disclosed in patent documents announced after the date of filing. The term for patent right of invention is 20 years, and for utility model and design, it is 10 years and 15 years, respectively, all calculated from the date of application.

Copyright and Software Registration

In accordance with the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was promulgated by the SCNPC On September 7, 1990 and amended on October 27, 2001, February 26, 2010, and November 11, 2020, respectively, and became effective on June 1, 2021, Chinese citizens, legal persons, or unincorporated organizations shall, whether published or not, enjoy copyright in their works. “Works” include written works, oral works, musical, dramatic, quyi, dance, acrobatic works, fine arts, architectural works, photography works, audio-visual works, graphic works (such as engineering design drawings, product design drawings, maps, schematic diagrams) and model works, computer software and other intellectual achievements which comply with the characteristics of the works.

According to the Regulations for the Implementation of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002, became effective on September 15, 2002 and was last amended on January 30, 2013, copyright holders shall be entitled to a variety of personal and property rights, including the publication right, the right of signature, the right of reproduction, and the right of information network transmission.

The Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and amended in 2001, 2011 and 2013 respectively, aim to protect the rights and interests of computer software copyright owners, adjust the interests in the development, dissemination and use of computer software, encourage the development and application of computer software, and boost the development of the software industry and the informatization of the national economy. In accordance with the Computer Software Protection Regulations, Chinese citizens, legal persons or other organizations shall be entitled to the copyright for software developed by them, whether published or not. A software copyright owner may apply for registration with the software registration agency recognized by the copyright administrative department under the State Council. The registration certificate issued by the software registration agency is the preliminary proof of the registered matters.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 was included in and revised by the Computer Software Protection Regulations which was amended by the State Council on January 30, 2013 and entered into force on March 1, 2013, the National

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Copyright Administration shall be in charge of the registration and administration of software copyrights nationwide and the China Copyright Protection Center has been recognized as a software registration agency.

Domain Names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, which came into effect on November 1, 2017, the MIIT shall be responsible for the supervision and management of China’s Internet domain name service. Domain name registrations shall be handled through the domain name service agencies established in accordance with the relevant provisions, and the applicants become domain name holders upon successful registration.

Trade Secrets

According to the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993 and amended on November 4, 2017 and April 23, 2019 respectively, the term “trade secrets” refers to technical and business information that is unknown to the public, has commercial value, and is maintained as secrets by its right holders.

Under the Anti-Unfair Competition Law of the People’s Republic of China, operators are prohibited from infringing others’ trade secrets by: (i) obtaining the trade secrets from the right holders by any unfair methods by theft, bribery, fraud, intimidation, electronic intrusion or other improper means; (ii) disclosing, using or permitting others to use the trade secrets obtained illegally under item (i) above; (iii) disclosing, using or allowing others to use trade secrets obtained by him/her in violation of confidentiality obligations or the right holders’ requirements on keeping such trade secrets confidential; or (iv) disclosing, using or allowing others to use the right holders’ trade secrets by instigating, inducing or helping others to violate the confidentiality obligations or the holders’ requirements on keeping such trade secrets confidential. Where a third party knows or should have known any of the illegal acts specified in the preceding items, but still obtains, uses or discloses such trade secrets, the third party may be deemed to have committed an infringement of the others’ trade secrets. The party whose trade secrets are being infringed may petition for administrative corrections, and regulatory authorities may stop any illegal acts and fine the infringing party.

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LAWS AND REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate of the People’s Republic of China (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019, and became effective on January 1, 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department. According to the Administrative Measures for Commercial Housing Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China on December 1, 2010, and became effective on February 1, 2011, without the above-mentioned registration, the lessor and the lessee may be imposed a fine by the development (real estate) department. In accordance with the Civil Code, the lessee may, with consent from the lessor, sub-let the leased item to a third party. The lease contract between the lessee and the lessor shall continue to be valid if the lessee sub-lets the leased item. In the event that the lessee sub-lets the leased item without consent from the lessor, the lessor may terminate the lease contract. In addition, any change of ownership to the lease item does not affect the validity of the lease contract.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), which was last amended on April 24, 2014 and became effective on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Environmental Protection is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environmental protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

According to the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) (the “**Environmental Protection Rules of Construction Projects**”), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental protection laws and regulations, enterprises which plan to construct projects shall prepare or fill in a report, a statement, or a registration form on the environmental impact of such projects, and submit them to relevant environmental protection administrative authority for approval or recording. Construction entities may entrust a technical entity to conduct an environmental impact assessment of its construction projects and prepare

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environmental impact reports and environmental impact statements on construction projects. If a construction entity has the technical capability of environmental impact assessment, it may carry out the above activities itself.

According to the Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, for any construction project that has an impact on the environment, the construction entity concerned is required to prepare either a report or a statement, or fill in a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

According to the Environmental Protection Rules of Construction Projects, after the completion of a construction project for which the environmental impact report or the environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures established by the competent administrative department of environmental protection under the State Council, conduct acceptance checks of the environmental protection facilities and prepare an acceptance report, and announce the acceptance report according to law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Any construction project for which the environmental impact report or the environmental impact statement has been prepared can not be put into operation or use until its environmental protection facilities have passed the inspection and acceptance.

The Interim Measures for Environmental Protection Inspection and Acceptance upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures stipulates the procedures and standards for construction entities to carry out independent environmental protection inspection and acceptance upon the completion of construction projects.

LAWS AND REGULATIONS RELATING TO WORK SAFETY

Under relevant construction safety laws and regulations, including the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) (the “**Work Safety Law**”), which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, and became effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be established to implement the work safety job responsibility system. In addition, production and operation entities must arrange work safety training and provide the employees with personal protective equipment that meets the national standards or industrial standards.

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Pursuant to the Work Safety Law, and the Measures for the Supervision and Administration of “Three Simultaneities” for Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》), which was promulgated by the State Administration of Work Safety (now has been adjusted to the Ministry of Emergency Management) on April 2, 2015 and became effective on May 1, 2015, production and operation entities are responsible for the construction of the safety facilities of construction projects. The safety facilities of a construction project must be designed, constructed and put into production and use simultaneously with the main part of the project. Investment in safety facilities shall be brought into the budgetary estimate of the whole construction project.

LAWS AND REGULATIONS RELATING TO FIRE PROTECTION

Fire Protection Design Review and Final Acceptance

According to the Interim Provisions on the Administration of Examination and Acceptance of Fire Protection Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), which was promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and became effective on June 1, 2020, and was latest amended on August 21, 2023, the fire protection design review system shall apply to special construction projects for movie theaters, reading rooms in public libraries, commercial indoor fitness and recreation venues, outpatient buildings in hospitals, teaching buildings, libraries and canteens in universities, production and processing workshops in labor-intensive enterprises, temples and churches, each of which has a gross floor area of more than 2,500 square meters. Where an as-built special construction project undergoes the final acceptance formalities, the construction entity shall file an application for fire protection final inspection with the competent department of fire protection design review and final acceptance; where the project fails to undergo or pass the fire protection design review, it shall be prohibited from being put into use. The recordation and random inspection system shall apply to the classified management of other construction projects. Any other construction project that fails to pass the random inspection conducted under the law shall cease to be used.

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and latest amended on April 29, 2021, where a construction project subject to fire protection acceptance according to law that has not undergone or failed to pass the fire protection acceptance shall not be put into use; and any other construction project that failed to pass the random inspection conducted under the law shall cease to be used. Where any of the following conduct is committed in violation of any provision of this Law, the competent housing and urban-rural development department and the fire protection and rescue authority shall, in accordance with their respective powers, order cessation of construction or use, or suspension of production or business, and impose a fine of not less than RMB30,000 nor more than RMB300,000: a construction project that is subject to fire protection design review

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according to law has not undergone or failed to pass the review and is under construction without authorization; a construction project that is subject to fire protection acceptance inspection according to law has not undergone or failed to pass the fire protection acceptance and is put into use without authorization; and any other construction project that failed to pass the random inspection conducted under the law has not ceased to be used.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Under the Foreign Exchange Administration Regulations of the People’s Republic of China (《中華人民共和國外匯管理條例》) which was latest amended in 2008 and various regulations issued by the State Administration of Foreign Exchange and other relevant PRC government authorities, Renminbi is freely convertible for current account items, such as trade-related receipts and payments, interest and dividends. For capital account items, such as direct equity investment, loan or investment return, except for those expressly exempted by laws and regulations, RMB shall not be freely convertible into foreign currencies which can be remitted to regions outside China unless prior approval from the SAFE or its provincial counterparts is obtained.

According to the Circular of SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued on December 26, 2014, a joint stock company registered within the territory of the PRC (the “**domestic company**”), which is permitted by CSRC to issue its shares overseas and have them listed and traded on overseas stock exchanges, shall, within 15 working days after the completion of the offering of shares for its overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation. The domestic company shall open a “special foreign exchange account of the domestic company for overseas listing” with a domestic bank by producing its overseas listing registration certificate. The account so opened shall be used for handling the exchange and transfer of funds corresponding to the relevant business. Funds raised from the overseas listing of the domestic company may be repatriated to China or deposited overseas, provided that the use of such funds shall comply with the documents or corporate bonds collection documents, shareholders’ circulars, resolutions of the Board Meetings or the Shareholders’ General Meetings and other publicly disclosed documents.

Meanwhile, after overseas listing, a domestic shareholder of the domestic company intending to increase or reduce his holding of shares of the overseas listed company in accordance with relevant provisions shall register his shareholding with the local Foreign Exchange Bureau at the place where he resides within 20 working days before the increase and reduction of shares. The domestic shareholder shall open a “special account of the domestic shareholder for overseas shareholding” with a domestic bank by producing its overseas shareholding registration certificate. The account so opened shall be used for handling the exchange and transfer of funds corresponding to the relevant business. A domestic shareholder’s capital income obtained due to

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reducing or transferring overseas holding of the domestic company or the domestic company's withdrawing from overseas securities markets etc. may be deposited overseas or remitted to the special account of the domestic shareholder for overseas shareholding. For funds repatriated to China, the domestic shareholder can go through the procedures of domestic transfer or exchange settlement of such funds with a bank by producing its overseas shareholding registration certificate.

LAWS AND REGULATIONS RELATING TO LABOR PROTECTION, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, latest amended and effective on December 29, 2018, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and effective on July 1, 2013 and the Regulation on the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and effective on the same date, the employer and each employee shall execute a written labor contract. The wages paid by the employer to each employee shall not be less than the local minimum wage. The employer shall establish an occupational safety and health mechanism, and strictly abide by national standards, and provide employees with relevant education. Employees shall work in a safe and sanitary environment.

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》), and other laws, regulations and rules, an employer shall pay several social insurance premiums on behalf of its employees (including basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance). The relevant fees shall be paid to the local administrative department. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency shall order the payment of such premiums by a specified date or make them up to the full amount, and shall impose a late payment of 0.05% of the unpaid premium on a daily basis from the date of the default payment of such premiums; where such payment is not made after the expiry of that period of time, the relevant administrative authorities shall impose a fine of at least one and not exceeding triple the amount of the unpaid premium. Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and amended on March 24, 2002, and became effective on March 24, 2019, the housing provident fund contributed by an employee and his/her employer for the employee shall be owned by the employee. An employer should undertake registration of payment and deposit of the housing provident fund in

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the Housing Provident Fund Management Center and open a housing provident fund account for each employee in a commissioned bank after verification by the Housing Provident Fund Management Center. Where an employer fails to register the housing fund contributions or fails to go through the procedures of setting up housing fund accounts for its own employees, it shall be ordered by the Housing Provident Fund Management Center to do so within a certain period of time; where it fails to do so, it shall be subject to a fine of not less than RMB10,000 and not more than RMB50,000. Where an employer fails to pay or underpays the housing provident fund, the Housing Provident Fund Management Center shall order the employer to pay the fund within a certain period of time; where the employer fails to do so, the Housing Provident Fund Management Center may apply to the people’s court for compulsory execution.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax Law

Under 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 “**EIT Law**”), which became effective on January 1, 2008 and was latest amended and became effective on December 29, 2018, a uniform enterprise income tax rate of 25% applies to the income of all resident enterprises and non-resident enterprises that have set up institutions or establishments in the PRC that originates from China or the income derived from the regions outside China, but which have substantial connection with the said institutions or establishments. Enterprises that qualify as “High and New Technology Enterprises” which are strongly supported by China, are entitled to a preferential tax rate of 15%. Pursuant to the Measures for the Administration of Accreditation of High and New Technology Enterprises (《高新技術企業認定管理辦法》) (the “**Accreditation Measures**”) amended in January 2016, the Ministry of Science and Technology of the People’s Republic of China, the Ministry of Finance and the provincial counterparts of the State Taxation Administration determine whether an enterprise qualifies as a “High and New Technology enterprise” under the EIT Law. In making such determination, these governmental authorities take into account, among other things, the ownership of the core technology, whether the technology that plays a central role in supporting the enterprise’s major products or services falls within the scope under the High and New Technology Fields with Strong Support by China (《國家重點支持的高新技術領域》), the ratio of research and development personnel to the total number of employees, the ratio of research and development expenses to the sales revenue in the same period, and the ratio of the revenue from products or services produced by high and new technology to the total revenue in the same period. The certificate of a “High and New Technology enterprise” is valid for a term of three years.

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Value-added Tax

Pursuant to the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was latest amended and became effective on November 19, 2017, and the Rules for the Implementation of the Interim Regulations of the People's Republic of China 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 on December 25, 1993 and amended on October 28, 2011, and became effective on November 1, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the PRC shall pay value-added tax (the "VAT"). The tax payable shall be the balance of output tax for the period after deducting the input tax for the period. In general, the VAT rate is 17% and in some cases, it is 11% or 6%, as the case may be.

Pursuant to the Circular of the Ministry of Finance and the State Taxation Administration on the Adjustment of Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which entered into force on May 1, 2018, for general VAT payers' sales activities or import of goods that are subject to VAT at an existing applicable rate of 17% or 11%, the applicable VAT rate is adjusted to 16% or 10%, respectively.

According to Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, No. 39 of 2019), which became effective on April 1, 2019, for general VAT payers' sales activities or import of goods that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2017, when our Company was co-founded by Prof. Li and Dr. Ma under its former name, Changsha Intelligent Driving Research Institute Company Limited (長沙智能駕駛研究院有限公司). Under the combined prowess of Prof. Li, a serial academic entrepreneur with over 30 years of experience in incubating talents and next-generation companies (particularly in AI, robotics and automation), and Dr. Ma, a Silicon Valley veteran with over 30 years of expertise in robotics, signal processing and automotive industries, our Group was formed with the vision to developing practical intelligent driving products for commercial vehicles. For details of our co-founders, see “Directors, Supervisors and Senior Management” in this document.

Since the inception of our Group, we have made long strides and achieved many accomplishments within the autonomous driving industry. According to CIC, we are one of the earliest companies in China to commercialize autonomous driving technology for commercial vehicles, and as of the Latest Practicable Date, we are the only major autonomous driving technology company to commercialize solutions for all three major scenarios including closed environments, urban roads and intercity roads in China.

OUR KEY MILESTONES

The following is a summary of our Group’s key business development milestones:

<u>Year</u>	<u>Month</u>	<u>Milestone</u>
2018	March	We completed our first round Series A Pre-[REDACTED] Investment, where we received investments from our Pathfinder SIIs.
	June	We assisted in developing the management and operations plan for the Hunan (Changsha) National V2X Pilot Area.
	August	Our intelligent heavy trucks under development achieved a road speed of 100 km/h under autonomous driving in closed roads and high-speed environments.
2019	September	We entered into cooperation agreements with Dongfeng Liuzhou Motor.
		We provided a complete set of vehicle-road coordination systems with holographic perception capabilities for Changsha’s “Double 100” 100 kilometres of smart highways and urban open roads.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Month	Milestone
2020	June	We completed the deployment of China’s first and largest-scale “Active Bus Priority” system.
	September	We released a mass production solution for a intelligent driving commercial vehicles, achieving “high computing power, high safety, high reliability and unified standards”.
2021	January	We established a national-level V2X pilot zones for Liangjiang New Area, Chongqing through the creation of vehicle-road coordination systems for six different application scenarios.
	April	We launched a new generation of pure electric unmanned mining trucks and unmanned mining solutions through our autonomous driving software systems.
	June	We jointly launched two driverless commercial vehicles together with DFLZ.
2022	November	The H5 Chenglong intelligent vehicle developed with DFLZ officially entered the stage of regular operations in urban areas.
	December	We delivered China’s first autonomous electric mining project with full mining area coverage in Jiangsu.
2023	May	We launched the first batch of unmanned electric mining trucks with a load capacity of 70 tons each.
	June	We launched the commercial operation of autonomous driving within a logistics park (without safety personnel).
2024	May	Our fleet comprised 56 autonomous mining trucks and nearly 500 manned mining trucks operating in mixed traffic, entering into regular production operations (without safety personnel), forming the world’s largest mixed-operation mining fleet.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Month	Milestone
	August	We entered into an agreement for waste management, treatment and recycling project in Hail, Saudi Arabia, in cooperation with KACST (King Abdulaziz City for Science and Technology).
	September	We passed the stringent SIL4 safety certifications for our TAPS system, as one of the few companies in China to obtain such certification.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Shareholding	Principal business activities
NovoDriv Chongqing	PRC	May 29, 2020	100%	Research and development, sales and operation of products and services for autonomous driving and vehicle-road collaboration
Tianjin CiDi	PRC	December 14, 2020	100%	Sales and operation of products and services for vehicle-road collaboration
Changsha CiDi Construction	PRC	July 29, 2019	67% ⁽¹⁾	Construction and operation of autonomous driving industrial area
CiDi Chengdu	PRC	April 1, 2022	100%	Research and development, sales and operation of autonomous driving and vehicle-road collaboration products and services

Note:

- (1) The remaining 33% equity interest in Changsha CiDi Construction is held by Changsha Zhigu High-tech Industry Investment Co., Ltd. (長沙智谷高新產業投資有限公司), an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Establishment of our Company

Our Company was established under its former name, Changsha Intelligent Driving Institute Company Limited (長沙智能駕駛研究院有限公司), as a limited liability company under the laws of the PRC on October 16, 2017 with an initial registered capital of RMB6,511,000. Upon establishment, NovoDriv HK and Changsha Gangwan held RMB4,557,700 and RMB1,953,300 of the registered capital of the Company, respectively.

NovoDriv HK is a limited partnership established as a shareholding platform for the Group, and is ultimately controlled by Prof. Li. Changsha Gangwan was established as the Company’s share incentive platform and is ultimately controlled by Prof. Li.

Conversion into a Joint Stock Company with Limited Liability

Pursuant to the shareholders’ resolutions of our Company dated May 28, 2024, our Company was converted from a limited liability company into a joint stock company on July 2, 2024. Upon completion of the conversion, the registered capital of our Company was RMB38,381,330 divided into 38,381,330 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective interests in our Company before the conversion.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Series A Financing

On March 20, 2018, we completed our Series A Financing, resulting in the increase of our registered capital from RMB6,511,000 to RMB10,000,000 at an aggregate consideration of USD30,000,000. Details of our Series A Financing is set out below:

Subscribers	Registered capital subscribed for	Consideration
Beijing Hongshan	RMB1,628,200	USD14,000,000
Guangkong Zhongying	RMB348,900	USD3,000,000
Guangkong Capital ⁽¹⁾	RMB348,900	USD3,000,000
Lianke Investment ⁽²⁾	RMB232,600	USD2,000,000
Xinghao VC	RMB232,600	USD2,000,000
Baidu Venture	RMB348,900	USD3,000,000
CWB Startup HK	RMB116,300	USD1,000,000
Lens Technology	RMB116,300	USD1,000,000
Hangsheng Investment ⁽³⁾	RMB116,300	USD1,000,000
Total	RMB3,489,000	USD30,000,000

Notes:

- (1) On December 24, 2019, Guangkong Zhongying No. 3 Industrial Investment Center (Limited Partnership) (光控眾盈第三號產業投資中心(有限合夥)) (“**Guangkong Capital**”) completed the transfer of its entire equity interest in the Company to Beta Garden at a consideration of USD3,000,000.
- (2) On October 12, 2018, Tibet Dazi Lianke Investment Co., Ltd. (西藏達孜聯科投資有限公司) (“**Lianke Investment**”) completed the transfer of its entire equity interest in the Company to Lianpan VC at a consideration of RMB12,614,400.
- (3) On February 2, 2021, Shenzhen Hangsheng Investment Co., Ltd. (深圳市航盛投資有限責任公司) (“**Hangsheng Investment**”) completed the transfer of its entire equity interest in the Company to Ningbo Jiusheng at a consideration of RMB12,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase in November 2018

On November 28, 2018, our registered capital was increased from RMB10,000,000 to RMB25,000,000, representing an additional RMB15,000,000 in the registered capital of our Company converted from our Company’s capital reserves. Each of our then existing Shareholders received a proportion of the increased registered capital on a pro-rata basis based on their shareholding in our Company, as detailed below.

Shareholders	Registered capital received	Registered capital held upon completion of capital increase
NovoDriv HK	RMB6,836,550	RMB11,394,250
Changsha Gangwan	RMB2,929,950	RMB4,883,250
Beijing Hongshan	RMB2,442,300	RMB4,070,500
Guangkong Zhongying	RMB523,350	RMB872,250
Guangkong Capital	RMB523,350	RMB872,250
Lianpan VC	RMB348,900	RMB581,500
Xinghao VC	RMB348,900	RMB581,500
Baidu Venture	RMB523,350	RMB872,250
CWB Startup HK	RMB174,450	RMB290,750
Lens Technology	RMB174,450	RMB290,750
Hangsheng Investment	RMB174,450	RMB290,750
Total	<u>RMB15,000,000</u>	<u>RMB25,000,000</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A-1 Financing

On December 9, 2019, we completed our Series A-1 Financing, resulting in the increase of our registered capital from RMB25,000,000 to RMB26,595,745, at an aggregate consideration of USD12,000,000. Details of our Series A-1 Financing is set out below:

Subscribers	Registered capital subscribed for	Consideration
Changsha Hesheng	RMB664,894	USD5,000,000
Tibet Fangchuang	RMB132,979	USD1,000,000
Xiangjiang Investment.....	RMB398,936	USD3,000,000
Changsha Shengyu	RMB132,979	USD1,000,000
Xinjun Electronics.....	RMB199,468	USD1,500,000
Lakeside VC	RMB66,489	USD500,000
Total	RMB1,595,745	USD12,000,000

Series A-2 Financing

Between July and September 2020, we completed our Series A-2 Financing, resulting in the increase of our registered capital from RMB26,595,745 to RMB28,228,054, at an aggregate consideration of approximately RMB100,139,000. Details of the Series A-2 Financing is set out below:

Subscribers	Registered capital subscribed for	Consideration
Stage 1 (completed on July 8, 2020)		
Liangjiang Chengwei.....	RMB578,169	RMB35,469,500
Nanjing Bestway.....	RMB81,502	RMB5,000,000
Tibet Fangchuang ⁽¹⁾	RMB32,601	RMB2,000,000
Stage 2 (completed on July 31, 2020)		
Liangjiang Chengwei.....	RMB578,168	RMB35,469,500
NovoDriv HK	RMB48,901	RMB3,000,000
Stage 3 (completed on September 21, 2020)		
Xiangsanze Capital	RMB195,605	RMB12,000,000
Sanze Investment	RMB117,363	RMB7,200,000
Total	RMB1,632,309	RMB100,139,000

Note:

- (1) On February 1, 2024, Tibet Fangchuang completed the transfer of RMB38,279 in the registered capital of the Company to Ceyuan Guangyi Digital Fund at a consideration of RMB6,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A-3 Financing

On February 2, 2021, we completed our Series A-3 Financing, resulting in the increase of our registered capital from RMB28,228,054 to RMB32,391,323, at an aggregate consideration of approximately RMB281,700,000. Details of our Series A-3 Financing are as follows:

<u>Subscribers</u>	<u>Registered capital subscribed for</u>	<u>Consideration</u>
Xiangjiang Intelligent Innovation ⁽¹⁾	RMB1,330,118	RMB90,000,000
Xinding No. 1	RMB1,041,926	RMB70,500,000
Qinghao Yuanmao	RMB295,582	RMB20,000,000
Xinding No. 6	RMB786,247	RMB53,200,000
Hunan Yunfa ⁽²⁾	RMB147,791	RMB10,000,000
Ningbo Jiusheng	RMB561,605	RMB38,000,000
Total	RMB4,163,269	RMB281,700,000

Notes:

- (1) On November 2, 2021, Xiangjiang Intelligent Innovation completed the transfer of RMB665,059 in the registered capital in the Company to Qingdao Zhenghan No. 2 at a consideration of RMB47,958,900.
- (2) On June 1, 2021, Hunan Yunfa Industry Fund Partnership (Limited Partnership) (湖南雲發產業基金合夥企業(有限合夥)) (“**Hunan Yunfa**”) completed the transfer of its entire interest in the registered capital of the Company to Yunfa Ruichi at a consideration of RMB10,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B Financing

On June 1, 2021, we completed our Series B Financing, resulting in the increase of our registered capital from RMB32,391,323 to RMB35,469,571, at an aggregate consideration of approximately RMB280,347,776. Details of our Series B Financing are as follows:

Subscribers	Registered capital subscribed for	Consideration
Xinding No. 20	RMB1,010,170	RMB92,000,000
Xinding No. 19	RMB384,304	RMB35,000,000
Xinding No. 36	RMB340,383	RMB31,000,000
Zibo Xuanshi	RMB109,801	RMB10,000,000
Tianjin Shengde	RMB109,801	RMB10,000,000
Baodechang	RMB109,801	RMB10,000,000
Qiandao Ronghui	RMB329,403	RMB30,000,000
Chuanghe Huimao	RMB219,602	RMB20,000,000
Baidu Venture	RMB44,352	RMB4,039,276
Xingxiang Fangzheng	RMB219,602	RMB20,000,000
Xindiyan	RMB109,801	RMB10,000,000
Qingdao Zhenghan No. 1	RMB91,228	RMB8,308,500
Total	RMB3,078,248	RMB280,347,776

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B+ Financing

Between October and November 2021, we completed our Series B+ Financing, resulting in the increase of our registered capital from RMB35,469,571 to RMB37,028,163, at an aggregate consideration of approximately RMB263,650,000. Details of our Series B+ Financing are as follows:

Subscribers	Registered capital subscribed for	Consideration
Stage 1 (completed on October 9, 2021)		
Qinghao Deruo	RMB598,845	RMB101,300,000
Jingkai Qitao	RMB112,320	RMB19,000,000
Zhibo Deruo	RMB75,668	RMB12,800,000
Juncheng Hongxin	RMB236,464	RMB40,000,000
Xingfan VC	RMB177,348	RMB30,000,000
Xinding No. 18	RMB147,790	RMB25,000,000
Xindiyan ⁽¹⁾	RMB29,558	RMB5,000,000
Zhitu No. 1	RMB129,464	RMB21,900,000
Baodechang	RMB10,936	RMB1,850,000
Stage 2 (completed on November 2, 2021)		
Zibo Hongshi	RMB40,199	RMB6,800,000
Total	RMB1,558,592	RMB263,650,000

Notes:

(1) On July 5, 2024, Xindiyan completed the transfer of its entire interest held in the registered capital of Company to Chen Junying (陳君英), Zhou Hanzhong (周漢忠), Ren Xiaopei (任小培), Yang Xiaoni (陽小妮) and Zhou Pingyong (周平勇) as to RMB58,195, RMB30,656, RMB26,352, RMB13,176 and RMB10,980, respectively, for an aggregate consideration of RMB15,000,000.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series C Financing

Between April and June 2022, we completed our Series C Financing, resulting in the increase in our registered capital from RMB37,028,163 to RMB38,279,252, at an aggregate consideration of approximately RMB270,300,000. Details of the Series C Financing are as follows:

<u>Subscribers</u>	<u>Registered capital subscribed for</u>	<u>Consideration</u>
Stage 1 (completed on April 14, 2022)		
Ruichuang Zhitu	RMB927,093	RMB200,300,000
Chengdu Technology VC.	RMB231,426	RMB50,000,000
Stage 2 (completed on June 28, 2022)		
Jiangxia Xintuo.	RMB92,570	RMB20,000,000
Total	RMB1,251,089	RMB270,300,000

Series C+ Financing

On February 1, 2024, we completed our Series C+ Financing, pursuant to which Ceyuan Guangyi Digital Fund subscribed for RMB102,078 in the registered capital of our Company at a consideration of RMB24,000,000, resulting in the increase of our registered capital from RMB38,279,252 to RMB38,381,330.

For details of the shareholding of our Company upon completion of the Pre-[REDACTED] Investments, please refer to “— Capitalization of our Company” below.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following table summarizes the key terms of the Pre-[REDACTED] Investments to the Company made by the Pre-[REDACTED] Investors:

	Series A	Series A-1	Series A-2	Series A-3	Series B	Series B+	Series C	Series C+
Date of relevant resolutions of the Company	March 16, 2018	December 5, 2019	July 8, 2020, July 30, 2020, and September 16, 2020	February 1, 2021	May 31, 2021	September 30, 2021, and November 1, 2021	January 28, 2022 and June 28, 2022	January 31, 2024
Amount of consideration paid to the Company	USD30,000,000	USD12,000,000	RMB100,139,000	RMB281,700,000	RMB280,347,776	RMB263,650,000	RMB270,300,000	RMB24,000,000
Date of last settlement of consideration.	March 20, 2018	December 9, 2019	September 21, 2020	February 2, 2021	June 1, 2021	November 2, 2021	June 28, 2022	February 1, 2024
Cost per Share	USD3,44 ⁽⁴⁾	USD7.52	RMB61.35	RMB67.66	RMB91.07	RMB169.16	RMB216.05	RMB235.11
Implied pre-money valuations ⁽¹⁾	USD55,984,523	USD188,000,000	RMB1,631,597,000	RMB1,910,000,000	RMB2,950,000,000	RMB6,000,000,000	RMB8,000,000,000	RMB5,000,000,000
Implied post-money valuations ⁽²⁾	USD85,984,523	USD200,000,000	RMB1,731,736,000	RMB2,191,700,000	RMB3,230,347,776	RMB6,263,650,000	RMB8,270,300,000	RMB9,024,000,000
Discount to the [REDACTED] ⁽³⁾	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]	[REDACTED] discount to the [REDACTED]
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the Pre-[REDACTED] Investors) are not permitted to dispose of any of the Shares held by them within the 12 months immediately following the [REDACTED]. In addition, our Pathfinder SIs will also be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules. See “— Lock-up Periods” in this section for further details.							
Basis of determination of the valuation and consideration	The consideration for the Pre-[REDACTED] Investments was determined based on arm’s length negotiations between the Company and the Pre-[REDACTED] Investors after taking into consideration various factors, including but not limited to (i) status of milestones and prospects of commercialization of our specialist technology products; (ii) our expansion capacity and R&D management systems; (iii) strategic layout, execution efficiency and other factors of our Company and (iv) the timing of the investments, market value and business prospects.							
Use of proceeds from the Pre-[REDACTED] Investments	As of the Latest Practicable Date, approximately 90% of the funds raised from the Pre-[REDACTED] Investments had been utilized. All of such proceeds were utilized for the research and development, capital expenditures and general working capital needs of our Group in accordance with the annual consolidated budget of the Company approved by the Pre-[REDACTED] Investors.							

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

	Series A	Series A-1	Series A-2	Series A-3	Series B	Series B+	Series C	Series C+
Strategic benefits the Pre-[REDACTED] Investments brought to our Company	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors' investments in our Company and their knowledge and experience.							
Reasons for fluctuations in valuation as compared to the immediate previous round of Pre-[REDACTED] investment	<p>We continued our research and development of our Specialist Technology Products, and achieved various business milestones in 2018 and 2019, including entering into cooperation agreements with Dongfeng Liuzhou Motor.</p> <p>We achieved mass production and commercialization of our V2X products and solutions in 2020.</p> <p>We launched our autonomous logistics truck solutions in February 2021.</p> <p>We established the national-level V2X pilot zones for Liangjiang New Area, and released a new generation of pure electric unmanned mining trucks and unmanned mining solutions in 2021.</p> <p>We released two driverless autonomous driving commercial vehicles with Dongfeng Liuzhou Motor in 2021.</p> <p>We continued to commercialize and expand the scale of our operations.</p> <p>We achieved mass production of TAPS and launched the first batch of unmanned electric mining vehicles with a load capacity of 70 tons each.</p>							

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A Series A-1 Series A-2 Series A-3 Series B Series B+ Series C Series C+

Reasons for fluctuations in valuation as compared with the [REDACTED] In 2024, we continued to achieve further mass commercialization of our products.

and the valuation in Series C+, being the latest round of Pre-[REDACTED] investment. . . .

Notes:

- (1) The implied pre-money valuation is calculated based on (i) the cost per Share paid to the Company for the corresponding round of Pre-[REDACTED] Investment and (ii) the total registered share capital of the Company immediately prior to the corresponding round of Pre-[REDACTED] Investment.
- (2) The implied post-money valuation is the sum of (i) the pre-money valuation for the corresponding round of Pre-[REDACTED] Investment and (ii) the total funds received by the Company from the corresponding round of Pre-[REDACTED] Investment.
- (3) Calculated based on the currency translation of HK\$1.00 to RMB0.9136 and HK\$7.7695 to US\$1.00 (as applicable) and on the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED].
- (4) Taking into account (i) the initial subscription amounts under the Series A Financing and (ii) the subsequent capital increase of the Company on a pro-rata basis to its then existing Shareholders in November 2018.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRC Legal Advisor’s confirmation

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 Pre-[REDACTED] Investments, capital increases and equity transfers in all material respects.

Special rights of the Pre-[REDACTED] Investors

Pursuant to the relevant agreements entered in connection with the Pre-[REDACTED] Investments between the Company and the Pre-[REDACTED] Investors (the “Shareholders’ Agreements”), the Pre-[REDACTED] Investors had been granted certain special rights in relation to the Company.

The divestment rights granted to the Pre-[REDACTED] Investors under the Shareholders’ Agreements have been terminated prior to the first submission of the [REDACTED] to the Stock Exchange for the purpose of the [REDACTED], and will only be exercisable if (i) the Company withdraws its [REDACTED] from the CSRC, SFC or the Stock Exchange; (ii) if the CSRC, SFC or the Stock Exchange does not accept, rejects or terminates the [REDACTED] of the Company; (iii) the [REDACTED] does not take place prior to February 5, 2026, (iv) the [REDACTED] does not take place within 18 months of the first submission of the [REDACTED] to the Stock Exchange or (v) the CSRC, SFC or Stock Exchange does not approve the Company’s [REDACTED]. All other special rights under the Pre-[REDACTED] Investments shall cease to be effective and be discontinued upon the [REDACTED] in accordance with Chapter 4.2 of the Guide, including, among others, anti-dilution rights, director appointment rights, information rights, pre-emptive rights, tag-along rights and divestment rights.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the consideration for the last Pre-[REDACTED] Investment was irrevocably settled more than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange for the purpose of the [REDACTED], and (ii) the special rights granted to the Pre-[REDACTED] Investors will be suspended upon filing of a [REDACTED] and/or shall cease to be effective and be discontinued upon [REDACTED], the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 under the Guide.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Information relating to our key Pre-[REDACTED] Investors

Set out below is a description of our Sophisticated Independent Investors (as defined in Chapter 2.5 of the Guide for New Listing Applicants issued by the Stock Exchange). We have six Sophisticated Independent Shareholders, three of which respectively holds more than 3% of the total issued shares of the Company as of the Latest Practicable Date and are our Pathfinder SIIs. Save for being a shareholder of our Company and as disclosed otherwise, each of our Sophisticated Independent Investors is independent from each other and is not connected with any Director, Supervisor, chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules).

Our Pathfinder Sophisticated Independent Investors (“Pathfinder SIIs”)

(a) Hongshan SII (being Beijing Hongshan)

Beijing Hongshan Mingde Equity Investment Centre (Limited Partnership) (北京紅杉銘德股權投資中心(有限合夥)) (“**Beijing Hongshan**”) is a limited liability partnership established under the laws of the PRC. The general partner of Beijing Hongshan is Beijing Hongshan Kunde Investment Management Center (Limited Partnership) (北京紅杉坤德投資管理中心(有限合夥)). HongShan is a leading venture capital and private equity firm investing across technology, healthcare and consumer sectors. As of December 31, 2017⁽¹⁾ and June 30, 2024, the aggregate fund size of RMB-denominated funds managed by Hongshan was over HK\$15 billion.

Beijing Hongshan held approximately 10.61% and 10.63% of the total issued share capital of the Company, as of the date of submission of the Company’s first [REDACTED] and the commencement date of the pre-application 12-month period, respectively.

(b) Xinding Capital SIIs (being Xinding No. 1, Xinding No. 6, Xinding No. 18, Xinding No. 19, Xinding No. 20 and Xinding No. 36)

Each of Suqian Xinding Kenge No. 1 Equity Investment Partnership (Limited Partnership) (宿遷新鼎哨哥壹號股權投資合夥企業(有限合夥)) (“**Xinding No. 1**”), Suqian Xinding Kenge No. 6 Equity Investment Partnership (Limited Partnership) (青島新鼎哨哥陸號股權投資合夥企業(有限合夥)) (“**Xinding No. 6**”), Suqian Xinding Kenge No. 18 Equity Investment Partnership (Limited Partnership) (青島新鼎哨哥拾捌股權投資合夥企業(有限合夥)) (“**Xinding No. 18**”), Suqian Xinding Kenge No. 19 Equity Investment Partnership (Limited Partnership) (青島新鼎哨哥拾玖股

(1) being a date not more than six months prior to the date on which the relevant investor signed the first relevant definitive agreement for their investment in the Company

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

權投資合夥企業(有限合夥) (“**Xinding No. 19**”), Suqian Xinding Kenge No. 20 Equity Investment Partnership (Limited Partnership) (青島新鼎哨哥貳拾股權投資合夥企業(有限合夥)) (“**Xinding No. 20**”) and Suqian Xinding Kenge No. 36 Equity Investment Partnership (Limited Partnership) (青島新鼎哨哥三陸股權投資合夥企業(有限合夥)) (“**Xinding No. 36**”, together with Xinding No. 1, Xinding No. 6, Xinding No. 18, Xinding No. 19 and Xinding No. 20, the “**Xinding Capital SII**s”) are limited partnerships established under the laws of the PRC, with the same general partner, Xinding Rongsheng Capital Management Co., Ltd. (北京新鼎榮盛資本管理有限公司) (“**Xinding Capital**”). Xinding Capital is a limited liability company established under the laws of the PRC and is wholly owned by Xinding Ronghui Capital Management Co, Ltd. (北京新鼎榮輝資本管理有限公司) (“**Xinding Ronghui**”), which is ultimately controlled by Mr. Zhang Chi (張馳), an Independent Third Party. Xinding Capital is a venture capital based in the PRC, investing primarily in cutting-edge companies, with a focus in the fields of next generation information technology, new energy vehicles, automobiles, semi-conductor chips, artificial intelligence commercial aerospace and high-end equipment manufacturing. The investment portfolio of Xinding Capital includes companies listed on the Stock Exchange and Shanghai Stock Exchange, including Hygon Information Technology Co., Ltd. (688041.SH), Horizon Robotics (9660.HK), Black Sesame International Holding Limited (2533.HK), Beijing Fourth Paradigm Technology Co., Ltd. (6682.HK) and XPeng Inc. (XPEV.NYSE; 9868.HK). The AUM of Xinding Capital derived from specialist technology investments was approximately RMB5.6 billion as of December 31, 2020⁽¹⁾, and approximately RMB9.8 billion as of June 30, 2024, respectively.

As each of the Xinding Capital SII is ultimately controlled by the same general partner, Xinding Capital, the different shareholding entities are purely different funds managed by the same fund manager and should be aggregated as one Pathfinder SII pursuant to Chapter 2.5 of the Guide.

The Xinding Capital SII held approximately 9.67% and 9.69% of the total issued share capital of the Company, as of the date of submission of the Company’s first [REDACTED] and the commencement date of the pre-application 12-month period, respectively.

(c) Legend Holdings SII (being Lianpan VC, Xinghao VC and Xingfan VC)

Horgos Lianpan Frontier Venture Capital Co., Ltd. (霍爾果斯聯磐前沿創業投資有限公司) (“**Lianpan VC**”) is a limited liability company established under the laws of the PRC and is principally engaged in equity investment. It is ultimately wholly owned by Legend Holdings Corporation (聯想控股股份有限公司), a company listed on the Stock Exchange (stock code: 3396) (“**Legend Holdings**”). Beijing Xinghao Entrepreneurship Enterprise Management Center (Limited Partnership) (北京星浩創業企業管理中心(有限合夥)) (“**Xinghao VC**”) and Beijing Xingfan Venture Capital Partnership (Limited Partnership) (北京星梵創業投資合夥企業(有限合夥)) (“**Xingfan VC**”) are limited partnerships established under the laws of the PRC and are principally

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engaged in equity investment. The general partner of Xinghao VC and Xingfan VC is Qushui County Xinghuan Venture Capital Management Center (Limited Partnership) (曲水縣星環創業投資管理中心(有限合夥)) (“**Qushui Xinghuan**”). The limited partners of Xinghao VC include Tibet Dongfang Qihui Investment Co., Ltd. (西藏東方企慧投資有限公司) holding 48.80% of the interests therein and eight other limited partners, none of which holds one-third or more of the interest in Xinghao VC. Qushui Xinghuan and Tibet Dongfang Qihui Investment Co., Ltd. is ultimately controlled by Legend Holdings. The limited partners of Xingfan VC include Ningbo Meishan Bonded Port Area Chenhai Linghui Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區辰海靈慧創業投資合夥企業(有限合夥)) and Zibo Haihe Shengshi Equity Investment Fund Partnership (Limited Partnership) (淄博海合盛世股權投資基金合夥企業(有限合夥)), holding 48.25% and 46.32% of the interests therein, respectively. As of the Latest Practicable Date, Legend Holdings has established two major business segments, being industrial operations and industrial incubations and investment, and is committed to expanding and strengthening pillar industries, incubating or investing in start-ups and growth-stage companies. In particular, Legend Star, of which the Legend Holdings SIIs are held under, is an angel investment fund under Legend Holdings, with expertise in investing in fields such as TMT, healthcare and cutting-edge technology. The asset allocation of Legend Holdings under its financial investments business segment was approximately RMB65.2 billion as of December 31, 2017⁽¹⁾, and the asset allocation under the industrial incubations and investment business segment of Legend Holdings was approximately RMB97.8 billion as of June 30, 2024.

The Legend Holdings SIIs held approximately 3.49% and 3.50% of the total issued share capital of the Company, as of the date of submission of the Company’s first Listing application and the commencement date of the pre-application 12-month period, respectively.

Our Pathfinder SIIs, in aggregate, held approximately 23.77% and 23.83% of the total issued share capital of the Company, as of the date of submission of the Company’s first [REDACTED] and the commencement date of the pre-application 12-month period, respectively.

Our Other Sophisticated Independent Investors (“SIIs”)

(d) CEL SII (being Beta Garden)

Beta Garden Limited (“**Beta Garden**”) is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in equity investment. Beta Garden is directly and wholly owned by Alpha Garden Limited, a company established under the laws of the British Virgin Islands, which is directly and wholly owned by CEL New Economy Fund, L.P., an exempted limited partnership established under the laws of the Cayman Islands, and also a private fund registered with Cayman Islands Monetary Authority. CEL New Economy Partners is the general partner of CEL New Economy Fund, L.P., and is a company incorporated in the Cayman

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Islands with limited liability and is directly and wholly owned by China Everbright Limited, a company listed on the Stock Exchange (stock code: 165) (“**CEL**”). CEL is a leading cross-border asset management and private equity investment company in China, and a listed company in Hong Kong with management and investment of private funds as the core business. With more than 26 years of experience in cross-border asset management and equity investment, CEL has been assessed as one of the top private equity firms in China several times. Under its fund management business, CEL has formed a rich asset management product line covering primary market funds, secondary market funds, FoFs, S Funds etc., and has nurtured many promising enterprises with high growth potential alongside with investors. As of the Latest Practicable Date, CEL held approximately 2.27% of the total issued share capital of the Company. The AUM of CEL was approximately HK\$143.5 billion as of December 31, 2018⁽¹⁾, and approximately HK\$122.3 billion as of June 30, 2024.

(e) Founder Hesheng Investment SII's (being Changsha Hesheng, Tibet Fangchuang and Ningbo Jiusheng)

Changsha High-Tech Development Zone Hesheng Equity Investment Partnership (Limited Partnership) (長沙高新開發區和生股權投資合夥企業(有限合夥)) (“**Changsha Hesheng**”) is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Changsha Lugu Venture Capital Management Co., Ltd. (長沙麓穀創業投資管理有限公司) holding 0.05% interest therein. Changsha Lugu Venture Capital Management Co., Ltd. is a limited liability company established under the laws of the PRC and is ultimately controlled by an independent third-party Mr. Xiao Jianxin (肖建新). The limited partners of Changsha Hesheng include Shenzhen Hesheng Huiying Equity Investment Center (Limited Partnership) (深圳和生匯盈股權投資中心(有限合夥)) which holds 94.95% of the interests therein, and one other limited partner which holds less than one-third of the interest therein. Shenzhen Hesheng Huiying Equity Investment Center (Limited Partnership) is held by Fangzheng Hesheng Investment Co., Ltd. (方正和生投資有限責任公司) (“**Fangzheng Investment**”) as to 71.21% as its general partner. Fangzheng Investment is wholly owned by Founder Securities Co., Ltd. (方正證券股份有限公司) (“**Founder Securities**”), a company listed on the Shanghai Stock Exchange (stock code: 601901).

Tibet Fangchuang Zhengding Venture Capital Partnership (Limited Partnership) (西藏方創正鼎創業投資合夥企業(有限合夥)) (“**Tibet Fangchuang**”) is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Fangzheng Investment, holding 20.00% of the interests therein and seven limited partners, none of which holds one-third or more of the interest therein. Fangzheng Investment is wholly owned by Fangzheng Securities, a company listed on the Shanghai Stock Exchange (stock code: 601901).

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Ningbo Meishan Port Jiusheng Investment Partnership (Limited Partnership) (寧波梅山保稅港區久生投資合夥企業(有限合夥)) (“**Ningbo Jiusheng**”) is a limited partnership established in the PRC. It is principally engaged in investments in the equity investment. Its general partner is Fangzheng Investment holding 20.00% of the interests therein, which is in turn wholly owned by Fangzheng Securities, a company listed on the Shanghai Stock Exchange (stock code: 601901). The limited partners of Ningbo Jiusheng include Beijing Ruifeng Investment Co., Ltd. (北京瑞豐投資管理有限公司) and one other limited partner which holds less than one-third of the interest therein. Beijing Ruifeng Investment Co., Ltd. is a limited liability company established under the laws of the PRC and wholly owned by an independent third party, Huaxin Century Investment Group Co., Ltd. (華新世紀投資集團有限公司).

Founder Hesheng Investment’s investment portfolio primarily focuses on the areas of big technology and health services. Examples of portfolio companies of Founder Hesheng Investment in big technology include Shenzhen Yingjixin Technology Co., Ltd. (688209.SH) (深圳英集芯科技股份有限公司), Xinlian Integrated Circuit Manufacturing Co., Ltd. (688469.SH) (芯聯集成電路製造股份有限公司) and Anhui Xindonglianke Microsystems Co., Ltd. (688582.SH) (安徽芯動聯科微系統股份有限公司), and portfolio companies in health services include Shanghai Henlius Biotech, Inc. (2696.HK), Peijia Medical Limited (9996.HK) and Maiwei (Shanghai) Biotech Co., Ltd. (688062.SH) (邁威(上海)生物科技股份有限公司). As of the Latest Practicable Date, Founder Hesheng Investment holds approximately 4.28% of the total issued share capital of the Company. The AUM of Founder Hesheng Investment was over RMB11 billion as of June 11, 2019⁽¹⁾, and approximately RMB19 billion as of June 30, 2024 respectively.

(f) Liangjiang SII (being Liangjiang Chengwei)

Chongqing Liangjiang New Area Chengwei Equity Investment Fund Partnership (Limited Partnership) (重慶兩江新區承為股權投資基金合夥企業(有限合夥)) (“**Liangjiang Chengwei**”) is a limited partnership established in the PRC. The general partner of Liangjiang Chengwei is Chongqing Chengyun No. 2 Enterprise Management Co., Ltd. (重慶承運貳號企業管理有限公司) holding 0.02% interest therein, which in turn is held by Chongqing Liangjiang Equity Investment Fund Management Co., Ltd. (重慶兩江股權投資基金管理股份有限公司) (“**Liangjiang Fund**”), which is held by Chongqing Liangjiang New Area Industrial Development Group Co., Ltd. (重慶兩江新區產業發展集團有限公司) (“**Liangjiang Development Group**”). The limited partners of Liangjiang Chengwei are Liangjiang Development Group as to 79.88%, and five other limited partners as to the remaining 20.12% interest. Liangjiang Development Group is wholly-owned by Chongqing Liangjiang New Area Management Committee (重慶兩江新區管理委員會).

Liangjiang Fund is a private equity investment fund management platform with investments across various industries, having multiple portfolio companies in the automobile, semiconductor and medical fields, with the purpose of enhancing industry development. Most notably, Liangjiang

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Fund participated in the investment and reorganization of Lifan Industry (Group) Co., Ltd (力帆實業(集團)股份有限公司) (601777.SH), a motorcycle and automobile manufacturer headquartered in Chongqing, PRC. As of the Latest Practicable Date, Liangjiang Fund held approximately 3.01% of the total issued share capital of our Company. As of June 30, 2020⁽¹⁾ and June 30, 2024, the AUM of Liangjiang Fund was approximately HK\$10.7 billion and HK\$59.6 billion, respectively.

Other key Pre-[REDACTED] Investors

Set out below is a description of each of our other key Pre-[REDACTED] Investors. These Pre-[REDACTED] Investors, together with the Controlling Shareholders Group and the SIIs, held more than 90% of our total issued share capital as of the date of this Document:

(a) CWB Startup HK and Changsha Shengyu

CWB Startup HK, an investment company ultimately controlled by Prof. Li, is wholly-owned by Clear Water Bay Startup Fund LP, which in turn is held as to 57%, 23% and 20% by Prof. Li, Ping Keung Ko (高秉強) and Gan Jie (甘潔) as limited partners, respectively. The general partner of Clear Water Bay Startup Fund LP is Clear Water Bay Startup Fund GP, which in turn is held as to 57%, 23% and 20% by Prof. Li, Ping Keung Ko and Gan Jie, respectively. Each of Ping Keung Ko and Gan Jie are Independent Third Parties. As of the Latest Practicable Date, CWB Startup HK held approximately 0.76% of the total issued share capital of our Company.

Changsha Shengyu is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Changsha Luzhi Equity Investment Management Co., Ltd (長沙麓智股權投資管理有限公司) (“**Changsha Luzhi**”), holding 13.33% interest therein. Changsha Luzhi is wholly owned by Changsha Intelligent Robot Research Institute Co., Ltd (長沙智能機器人研究院有限公司) (“**Changsha Intelligent Robot**”), which is in turn owned as to 25% by Dongguan Songshan Lake Robot Industry Development Co., Ltd (東莞鬆山湖機器人產業發展有限公司) (“**Dongguan Songshan Robot**”), and as to 75% by four other shareholders with none of them holding more than 20% equity interest in Changsha Intelligent Robot. Dongguan Songshan Robot is wholly owned by Clear Water Bay Robotics Investment Limited, which in turn is controlled by Prof. Li. As of the Latest Practicable Date, Changsha Shengyu had two limited partners with Dongguan Yunhe Equity Investment Co., Ltd. (東莞蘊和股權投資有限公司) (“**Dongguan Yunhe**”) being the largest one, holding 66.68% of the partnership interest in Changsha Shengyu. Dongguan Yunhe is wholly owned by CWB Startup HK and is accordingly deemed to be interested in by Prof. Li. As of the Latest Practicable Date, Changsha Shengyu held approximately 0.35% of the total issued share capital of our Company.

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Considering CWB Startup HK is controlled by Prof. Li, and the majority of the partnership interest in Changsha Shengyu is held by CWB Startup HK, CWB Startup HK and Changsha Shengyu are considered to be Controlling Shareholders of our Company.

(b) Baidu Venture

Beijing Baidu Biwei Enterprise Management Center (Limited Partnership) (北京百度畢威企業管理中心 (有限合夥)) (“**Baidu Venture**”) is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partner is Beijing Bai’an Innovation Enterprise Management Center (Limited Partnership), holding 0.36% interest therein. Its limited partner is Dazi County Bairuixiang Venture Capital Management Co., Ltd. (達孜縣百瑞翔創業投資管理有限責任公司), which in turn is wholly-owned by Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司). Beijing Baidu Netcom Science Technology Co., Ltd. is a limited liability company established under the laws of the PRC and controlled by Baidu, Inc. (“**Baidu**”) (NASDAQ.BIDU; 9888.HK). Baidu is a leading artificial intelligence company with strong foundations in the internet. As of the Latest Practicable Date, Baidu Venture held approximately 2.39% of the total issued share capital of the Company.

(c) Guangkong Zhongying

Guangkong Zhongying Industrial Investment Fund Partnership (珠海光控眾盈產業投資基金合夥 (有限合夥)) (“**Guangkong Zhongying**”) is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Zhuhai Guangkong Zhongheng Investment Management Co., Ltd. (珠海光控眾恒投資管理有限公司), which is owned as to 50% by Beijing Guangkong Puyi Private Equity Fund Management Co., Ltd (北京光控浦益私募基金管理有限公司) (“**Beijing Guangkong**”) and as to 50% by Zhuhai Zhongheng Management Consulting Partnership Enterprise (Limited Partnership) (珠海眾衡管理諮詢合夥企業 (有限合夥)) (“**Zhongheng Consulting**”). Beijing Guangkong is wholly owned by Chongqing CEL Equity Investment Management Co., Ltd. (重慶光控股權投資管理有限公司), which is indirectly wholly owned by CEL. Zhongheng Consulting is principally engaged in equity investment. The largest limited partner of Guangkong Zhongying is Yixing Guangkong Investment Co., Ltd. (宜興光控投資有限公司) (“**Yixing Guangkong**”), holding 49.08% of the partnership interests therein. Yixing Guangkong is indirectly wholly owned by CEL, an independent third party. As of the Latest Practicable Date, Guangkong Zhongying held approximately 2.27% of the total issued share capital of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(d) Xiangjiang State Investment (being Xiangjiang Investment and Xiangjiang Intelligent Innovation)

Hunan Xiangjiang New Area State-owned Capital Investment Co., Ltd. (湖南湘江新區國有資本投資有限公司) (“**Xiangjiang Investment**”) is a limited liability company established under the laws of the PRC and is principally engaged in venture capital investment. It is wholly owned by State-owned Assets Supervision and Administration Commission of Changsha Municipal People’s Government (長沙市人民政府國有資產監督管理委員會), which is an independent third party.

Hunan Xiangjiang Intelligent Innovation Fund Partnership (Limited Partnership) (湖南湘江智創基金合夥企業(有限合夥)) (“**Xiangjiang Intelligent Innovation**”) is a limited partnership established in the PRC. It is principally engaged in the equity investment. Its general partner is Hunan Guochuang Industry Investment Co., Ltd. (湖南國創產業投資有限公司) holding 0.22% of the interest therein. Hunan Guochuang Industry Investment Co., Ltd. is a wholly-owned subsidiary of Xiangjiang Investment.

As of the Latest Practicable Date, Xiangjiang State Investment held approximately 2.77% of the total issued share capital of our Company.

(e) Qingdao Zhenghan (being Qingdao Zhenghan No. 1 and Qingdao Zhenghan No. 2)

Qingdao Zhenghan Jiuyuan No. 1 Investment Management Center (青島正瀚久遠壹號投資管理中心(有限合夥)) (“**Qingdao Zhenghan No. 1**”) and Qingdao Zhenghan Jiuyuan No. 2 Investment Center (Limited Partnership) (青島正瀚久遠貳號投資中心(有限合夥)) (“**Qingdao Zhenghan No. 2**”) are limited partnerships established under the laws of the PRC and are of the same general partner Beijing Zhenghan Hengyuan Venture Capital Co., Ltd. (北京正瀚恒遠創業投資有限公司) holding 14.85% and 5.71% of the interests therein respectively. Beijing Zhenghan Hengyuan Venture Capital Co., Ltd. is ultimately controlled and beneficially owned by an independent third party Duan Huimin (段慧敏). As of the Latest Practicable Date, Qingdao Zhenghan held approximately 1.97% of the total issued share capital of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(f) Qinghao Capital (being Qinghao Yuanmao and Qinghao Deruo)

Hunan Qinghao Yuanmao Private Equity Fund Partnership (Limited Partnership) (湖南青蒿元茂私募股權基金合夥企業(有限合夥)) (“**Qinghao Yuanmao**”) is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partner is Jiaxing Qinghao Investment Co., Ltd. (嘉興青蒿投資有限公司) (“**Jiaxing Qinghao**”) holding 0.05% of the interest therein. It has 15 limited partners, none of which holds one-third or more of the interest therein. Jiaxing Qinghao is ultimately controlled and beneficially owned by an independent third-party Chen Yun (陳贇).

Hunan Qinghao Deruo Private Equity Investment Partnership (Limited Partnership) (湖南青蒿德若私募股權投資合夥企業(有限合夥)) (“**Qinghao Deruo**”) is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partners are Jiaxing Qinghao holding 0.0099% of the interest therein and Chen Yun holding 0.9856% of the interest therein. Jiaxing Qinghao is in turn ultimately controlled and beneficially owned by Chen Yun.

As of the Latest Practicable Date, Qinghao Capital held approximately 2.33% of the total issued share capital of our Company.

(g) Qiandao Capital (being Qiandao Ronghui and Jiangxia Xintuo)

Qingdao Qiandao Ronghui Investment Management Center (Limited Partnership) (青島乾道榮輝投資管理中心(有限合夥)) (“**Qiandao Ronghui**”) is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner is Qiandao Investment Fund Management (Beijing) Ltd. Co., (乾道投資基金管理有限公司) (“**Qiandao Investment**”), holding 2.32% of the interests therein. Qiandao Investment is wholly-owned by Qiandao Investment Holding Group Co., Ltd (乾道投資控股集團有限公司), which is in turn owned as to 60.78% by Yan Zurong (顏祖容) and as to 39.22% by two other shareholders with none of them holding more than 30.00% equity interest of Qiandao Investment. As of the Latest Practicable Date, Qiandao Ronghui has 21 limited partners with Qingdao Qiandao Honor Investment Management Center (Limited Partnership) (青島乾道榮耀投資管理中心(有限合夥)) (“**Qiandao Honor**”) being the largest one, holding 26.19% partnership interest in Qiandao Ronghui, and none of the remaining 20 limited partners holding more than 22.82% partnership interest in Qiandao Ronghui. Qiandao Honor is managed by Qiandao Investment with 49 limited partners, and none of them holding more than 5% partnership interest in Qiandao Honor.

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Wuhan Jiangxia Xintuo Equity Investment Fund Management Partnership (Limited Partnership) (武漢江夏新拓股權投資基金管理合夥企業(有限合夥)) (“**Jiangxia Xintuo**”), is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner is Xinxing Private Equity Fund Management Co., Ltd. (新興私募基金管理有限公司) (“**Xinxing Fund**”), holding 1% of the interests therein. Xinxing Fund is wholly owned by China Xinxing Asset Management Co., Ltd (中國新興資產管理有限責任公司) (“**Xinxing Asset**”). Xinxing Asset is owned (i) as to 40% by General Technology Group Asset Management Co., Ltd. (通用技術集團資產管理有限公司), a subsidiary of China General Technology Group (中國通用技術集團), (ii) as to 38% by Qiandao Technology Group Co., Ltd (乾道科技集團有限公司), which is in turn owned as to 99% by Yan Zurong (鄢祖容), and (iii) as to 22% by Beijing Shihua Hengyi Technology Co., Ltd (北京世華恆熠科技有限公司), which is in turn indirectly owned as to 80% by Teng Yunpeng (滕雲鵬). As of the Latest Practicable Date, Jiangxia Xintuo has four limited partners with Qingdao Qiandao Yunian Investment Management Center (Limited Partnership) (青島乾道鈺年投資管理中心(有限合夥)) (“**Qiandao Yunian**”) being the largest one, holding 45% partnership interest in Jiangxia Xintuo, and none of the remaining three limited partners holding more than 24% partnership interest in Jiangxia Xintuo. Qiandao Yunian is managed by Qiandao Investment with 43 limited partners, and none of them holding more than 4.16% partnership interest in Qiandao Yunian. To the best knowledge of the Directors, each of Qiandao Capital and its ultimate beneficial owner is an independent third party.

As of the Latest Practicable Date, Qiandao Capital held approximately 1.10% of the total issued share capital of our Company.

(h) Ruishi Capital (being Zhitu No. 1 and Ruichuang Zhitu)

Hainan Zhitu No. 1 Venture Capital Partnership (Limited Partnership) (海南智途一號創業投資合夥企業(有限合夥)) (“**Zhitu No. 1**”) is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partner is Hunan Ruishi Private Equity Fund Management Co., Ltd. (湖南瑞世私募股權基金管理有限公司) (“**Hunan Ruishi**”) holding 0.22% of the interests therein, and its largest limited partners are Dai Jun (戴軍) and Zhang Guan (張冠), holding 30.78% and 23.25% interest therein respectively. Hunan Ruishi is ultimately controlled and beneficially owned by an independent third-party Dai Bin (戴斌).

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Chengdu Ruichuang Zhitu Venture Capital Partnership (Limited Partnership) (成都瑞創智途創業投資合夥企業(有限合夥)) (“**Ruichuang Zhitu**”) is a limited partnership established in the PRC and is principally engaged in equity investment. Its general partners are Hunan Ruishi (holding 1.62% of the interests therein) and Chengdu Technology Transfer Venture Capital Co., Ltd. (成都技轉創業投資有限公司) (holding 0.48% of the interests therein). Chengdu Technology Transfer Venture Capital Co., Ltd. is wholly owned by an independent third-party Chengdu Science and Technology Innovation Investment Group Co., Ltd. (成都科技創新投資集團有限公司), which is ultimately controlled and beneficially owned by Chengdu Municipal State-owned Assets Supervision and Administration Commission (成都市國有資產監督管理委員會).

As of the Latest Practicable Date, Ruishi Capital held approximately 2.75% of the total issued share capital of our Company.

Meaningful investment from Sophisticated Independent Investors

We have received investments from three Pathfinder SIIs, namely Hongshan, Xinding Capital and Legend Holdings, each having invested in the Group for at least 12 months prior to the first submission of our [REDACTED] to the Stock Exchange for the purpose of the [REDACTED]. In accordance with Chapter 2.5 of the Guide, each of Hongshan, Xinding Capital and Legend Holdings holds more than 3%, and in aggregate more than 10%, of the issued share capital of the Company as of the date of our [REDACTED] and throughout the pre-application 12-month period. For details of the ownership percentage of shareholding in our Company’s share capital of each of the Sophisticated Independent Investors, see “— Capitalization of Our Company”.

As of the Latest Practicable Date, our Sophisticated Independent Investors (as identified above) held, in aggregate, approximately 33.34% in the total issued share capital of our Company. At [REDACTED], such Sophisticated Independent Investors will hold, in aggregate, no less than 25% in the total issued share capital of our Company, assuming that our expected market capitalization at the time of [REDACTED] will exceed HK\$[REDACTED].

PUBLIC FLOAT

Immediately upon completion of the [REDACTED] (assuming the Full Circulation Application of the Company is completed and the [REDACTED] is not exercised), the Company will have [REDACTED] Domestic Unlisted Shares and [REDACTED] H Shares, among which:

- (i) the [REDACTED] Domestic Unlisted Shares (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]) will not be considered as part of the public float as such Domestic Unlisted Shares will not be converted into H Shares; and

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- (ii) among the [REDACTED] H Shares,
 - a. the [REDACTED] H Shares held by NovoDriv HK, Changsha Gangwan, CWB Startup HK and Changsha Shengyu to be converted from Domestic Unlisted Shares pursuant to the Full Circulation Application of the Company and [REDACTED] on the Stock Exchange (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as such Shares are held by our Controlling Shareholders and therefore constitute Shares held by core connected persons of our Company;
 - b. the [REDACTED] H Shares to be converted from Domestic Unlisted Shares pursuant to the Full Circulation Application of the Company and [REDACTED] on the Stock Exchange (representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]). These H Shares are held by our Pre-[REDACTED] Investors (excluding the Shares held by CWB Startup HK, Changsha Shengyu, Chengdu Technology VC, Ruichuang Zhitu, Ceyuan Guangyi Digital Fund, and part of the Shares held by Lakeside VC which were not converted to H Shares pursuant to the Full Circulation Application of the Company, as further detailed in “Capitalization of Our Company” below), will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as these entities will not be core connected persons of our Company upon [REDACTED] nor are they accustomed to take instructions from the Company’s core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company’s core connected persons; and
 - c. [REDACTED] H Shares will be issued pursuant to the [REDACTED].

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Details of the Conversion of Domestic Unlisted Shares into H Shares pursuant to the Full Circulation Application are set out below:

Name of Shareholder	Number of Domestic Unlisted Shares as of the Latest Practicable Date	Number of Shares upon [REDACTED] (assuming completion of the Full Circulation Application)	
		Domestic Unlisted Shares	H Shares converted from Domestic Unlisted Shares
NovoDriv HK	11,443,151	[REDACTED]	[REDACTED]
Changsha Gangwan	4,883,250	[REDACTED]	[REDACTED]
CWB Startup HK	290,750	[REDACTED]	[REDACTED]
Changsha Shengyu	132,979	[REDACTED]	[REDACTED]
Sub-total	16,750,130	[REDACTED]	[REDACTED]
Pre-[REDACTED] Investors	21,631,200	[REDACTED]	[REDACTED]
Total	38,381,330	[REDACTED]	[REDACTED]

Note:

- (1) Includes [REDACTED] Domestic Unlisted Shares held by [REDACTED] respectively, which were not converted to H Shares pursuant to the Full Circulation and the above shares held by these four Pre-[REDACTED] Investors will remain as Domestic Unlisted Shares upon the [REDACTED].

In light of the above, the public float of the Company will be [REDACTED]% upon [REDACTED] (assuming the [REDACTED] is not exercised).

Further, under Rule 18C.10 of the Listing Rules, a Specialist Technology Company must ensure that a portion of the total number of its issued shares listed on the Stock Exchange with a market capitalization of at least HK\$600,000,000 are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing.

Based on the above, it is expected that immediately following completion of the [REDACTED], a market capitalization of approximately HK\$[REDACTED] million of the H Shares [REDACTED] on the Stock Exchange are not subject to any disposal restrictions at the time of [REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED]). Therefore, our Company will be able to meet the requirement under Rule 8.08 and Rule 18C.10 of the Listing Rules.

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LOCK-UP PERIODS

The table below sets out the list of persons who are, together with their respective close associates, subject to the lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Person(s)	Capacity	Number of Shares subject to disposal restrictions immediately following the completion of the [REDACTED] ⁽¹⁾	Shareholding subject to disposal restrictions immediately following completion of the [REDACTED] ⁽¹⁾	Lock-up period for a Pre-Commercial Company ⁽²⁾
<i>Key Persons</i>				
Prof. Li ⁽³⁾	Founder, chairman of the Board and non-executive Director	16,750,130 ⁽³⁾	[REDACTED]%	Commencing on the date of this document and ending on the date which is 24 months from the [REDACTED] (i.e. [REDACTED]) ⁽⁸⁾
<i>Pathfinder SII</i>				
Hongshan SII ⁽⁵⁾	Pathfinder SII	4,070,500	[REDACTED]%	Commencing on the date of this document and ending on the date which is 12 months from the [REDACTED] (i.e. [REDACTED]) ⁽⁹⁾
Xinding Capital SII ⁽⁶⁾	Pathfinder SII	3,710,820	[REDACTED]%	Commencing on the date of this document and ending on the date which is 12 months from the [REDACTED] (i.e. [REDACTED]) ⁽⁹⁾
Legend Holdings SII ⁽⁷⁾	Pathfinder SII	1,340,348	[REDACTED]%	Commencing on the date of this document and ending on the date which is 12 months from the [REDACTED] (i.e. [REDACTED]) ⁽⁹⁾

Notes:

(1) Assuming that the [REDACTED] is not exercised.

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- (2) Pursuant to the PRC Company Law, each of the existing Shareholders of the Company (including the Key Persons and Pathfinder SIIs) are not permitted to dispose of any of the Shares held by them within the 12 months immediately following the [REDACTED].
- (3) Prof. Li is a key person responsible for our technical operations and/or the research and development of our Specialist Technology Products, and the Shares he is deemed to be interested in shall be subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.
- (4) As of the date of this Document, Prof. Li is deemed to be interested in (i) the 11,443,151 H Shares held by NovoDriv HK, the general partner of which is NovoDriv Limited, which in turn is wholly-owned by Prof. Li; (ii) the 4,883,250 H Shares held by Changsha Gangwan, which (a) is directly held as to 99% by Prof. Li as the limited partner, and (b) is held as to 1% by Dongguan Intelligence as the general partner, which in turn is controlled by Prof. Li; (iii) the 290,750 H Shares held by CWB Startup HK, which is controlled by Prof. Li; and (iv) the 132,979 H Shares held by Changsha Shengyu, the majority of the partnership interest of which is held by CWB Startup HK.
- (5) Representing the 4,070,500 H Shares to be held by Hongshan Capital upon completion of the [REDACTED].
- (6) Representing the 1,041,926 H Shares, 786,247 H Shares, 147,790 H Shares, 384,304 H Shares, 1,010,170 H Shares and 340,383 H Shares held by Xinding No. 1, Xinding No. 6, Xinding No. 18, Xinding No. 19, Xinding No. 20 and Xinding No. 36 respectively, upon completion of the [REDACTED].
- (7) Representing the 581,500 H Shares, 581,500 H Shares and 177,348 H Shares held by Lianpan VC, Xinghao VC and Xingfan VC respectively, upon completion of the [REDACTED].
- (8) In the event that upon the notification by the Stock Exchange that our Company will no longer regarded as a Pre-Commercial Company after the [REDACTED], the lock-up period under the Listing Rules will become the period commencing from the [REDACTED] ending on the later of (1) the date which is 12 months from the [REDACTED] (i.e. [REDACTED]); or (2) the date falling on the 30th day after the announcement on the removal of designation as a Pre-Commercial Company.
- (9) In the event that upon the notification by the Stock Exchange that our Company will no longer regarded as a Pre-Commercial Company after the [REDACTED], the lock-up period under the Listing Rules will become the period commencing from the [REDACTED] ending on the later of (1) the date which is 6 months from the [REDACTED] (i.e. [REDACTED]); or (2) the date falling on the 30th day after the announcement on the removal of designation as a Pre-Commercial Company.

The lock-up periods as stated above will be modified in the case of the removal of designation as a Pre-Commercial Company as described in Note 2 to Rule 18C.23 of the Listing Rules. Please see the table above for the respective lock-up periods in the case of the removal of designation of the Company as a Pre-Commercial Company.

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CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as of the date of this Document and (b) immediately upon the completion of the [REDACTED] and the Full Circulation Application (assuming that the [REDACTED] is not exercised):

Shareholder	As of the date of this document				Immediately following the completion of the [REDACTED] and the Full Circulation Application (assuming the [REDACTED] is not exercised)			
	Number of Domestic Unlisted Shares		Shareholding in the Domestic Unlisted Shares		Number of H Shares		Shareholding in the H Shares	
	Unlisted Shares	Domestic Unlisted Shares	Number of Domestic Unlisted Shares	Domestic Unlisted Shares	Number of H Shares	H Shares	Number of Total Shares	Shareholding in the total issued share capital
NovoDriv HK	11,443,151	29.81%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Changsha Gangwan	4,883,250	12.72%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
CWB Startup HK	290,750	0.76%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Changsha Shengyu	132,979	0.35%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Sub-total	16,750,130	43.64%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Hongshan Capital	4,070,500	10.61%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xinding Capital	3,710,820	9.67%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Founder Hesheng Investment	1,644,550	4.28%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Legend Holdings	1,340,348	3.49%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Liangjiang Fund	1,156,337	3.01%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xiangjiang State Investment	1,063,995	2.77%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Ruishi Capital	1,056,557	2.75%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Baidu	916,602	2.39%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Qinghao Capital	894,427	2.33%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
CEL	872,250	2.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Guangkong Zhongying	872,250	2.27%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Qingdao Zhenghan	756,287	1.97%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Qiandao Capital	421,973	1.10%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Sanze Capital ⁽¹⁾	312,968	0.82%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%

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Shareholder	As of the date of this document				Immediately following the completion of the [REDACTED] and the Full Circulation Application (assuming the [REDACTED] is not exercised)			
	Shareholding in the Domestic Unlisted Shares		Shareholding in the Domestic Unlisted Shares		Shareholding in the Domestic Unlisted Shares		Shareholding in the total issued share capital	
	Number of Domestic Unlisted Shares	Domestic Unlisted Shares	Number of Domestic Unlisted Shares	Domestic Unlisted Shares	Number of H Shares	H Shares	Number of Total Shares	total issued share capital
Lens Technology ⁽²⁾	290,750	0.76%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Juncheng Hongxin ⁽³⁾	236,464	0.61%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Chengdu Technology VC ⁽⁴⁾	231,426	0.60%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Chuanghe Huimao ⁽⁵⁾	219,602	0.57%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xingxiang Fangzheng ⁽⁶⁾	219,602	0.57%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xinjun Electronics ⁽⁷⁾	199,468	0.52%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Guotou Chuangying ⁽⁸⁾	150,000	0.39%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Yunfa Ruichi ⁽⁹⁾	147,791	0.39%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Ceyuan Guangyi Digital Fund ⁽¹⁰⁾	140,357	0.37%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xindiyan Investors ⁽¹¹⁾	139,359	0.36%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Baodechang ⁽¹²⁾	120,737	0.31%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Jingkai Qitao ⁽¹³⁾	112,320	0.29%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Tianjin Shengde ⁽¹⁴⁾	109,801	0.29%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Nanjing Bestway ⁽¹⁵⁾	81,502	0.21%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Hunan Zhibo ⁽¹⁶⁾	75,668	0.20%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Lakeside VC ⁽¹⁷⁾	66,489	0.17%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Sub-total	21,631,200	56.36%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Investors taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Total	38,381,330	100%	[REDACTED]	100%	[REDACTED]	100%	[REDACTED]	100%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Represents interests held by Guangdong Xiangsanze Pharmaceutical Venture Capital Enterprise (Limited Partnership) (廣東湘三澤醫藥創業投資企業(有限合夥)) (“**Xiangsanze Capital**”) and Hunan Sanze Investment Management Center (Limited Partnership) (湖南三澤投資管理中心(有限合夥)) (“**Sanze Investment**”).
- (2) Represents interests held by Lens Technology Co., Ltd (藍思科技股份有限公司) (“**Lens Technology**”).
- (3) Represents interests held by Shenzhen Juncheng Hongxin Investment Partnership (Limited Partnership) (深圳市君誠弘信投資合夥企業(有限合夥)) (“**Juncheng Hongxin**”).
- (4) Represents interests held by Chengdu Science and Technology Innovation Investment Group Co., Ltd (成都科技創新投資集團有限公司) (“**Chengdu Technology VC**”).
- (5) Represents interests held by Jiaxing Chuanghe Huimao Equity Investment Partnership (Limited Partnership) (嘉興創合匯茂股權投資合夥企業(有限合夥)) (“**Chuanghe Huimao**”).
- (6) Represents interests held by Hunan Xingxiang Fangzheng Equity Investment Fund Enterprise (Limited Partnership) (湖南興湘方正股權投資基金企業(有限合夥)) (“**Xingxiang Fangzheng**”).
- (7) Represents interests held by Huzhou Xinjun Electronic Technology Partnership (Limited Partnership) (湖州昕峻電子科技合夥企業(有限合夥)) (“**Xinjun Electronics**”).
- (8) Represents interests held by Zibo Xuanshi Chuangying Equity Investment Partnership (Limited Partnership) (淄博煊時創盈股權投資合夥企業(有限合夥)) (“**Zibo Xuanshi**”) and Zibo Hongshi Chuangying Equity Investment Partnership (Limited Partnership) (淄博宏時創盈股權投資合夥企業(有限合夥)) (“**Zibo Hongshi**”).
- (9) Represents interests held by Hunan Yunfa Ruichi Venture Capital Partnership (Limited Partnership) (湖南雲發銳馳創業投資合夥企業(有限合夥)) (“**Yunfa Ruichi**”).
- (10) Represents interests held by Chengdu Ceyuan Guangyi Digital Economy Equity Investment Fund Partnership (Limited Partnership) (成都策源廣益數字經濟股權投資基金合夥企業(有限合夥)) (“**Ceyuan Guangyi Digital Fund**”).
- (11) Represents interests held by Chen Junying, Zhou Hanzhong, Ren Xiaopei, Yang Xiaoni and Zhou Pingyong.
- (12) Represents interests held by Shenzhen Baodechang Investment Co., Ltd. (深圳市寶德昌投資有限公司) (“**Baodechang**”).
- (13) Represents interests held by Jiaxing Jingkai Qitao Equity Investment Partnership (Limited Partnership) (嘉興晶凱齊滔股權投資合夥企業(有限合夥)) (“**Jingkai Qitao**”).
- (14) Represents interests held by Tianjin Shengde Jiaye Enterprise Management Center (Limited Partnership) (天津盛德嘉業企業管理中心(有限合夥)) (“**Tianjin Shengde**”).
- (15) Represents interests held by Nanjing Bestway Intelligent Control Technology Co., Ltd. (南京北路智控科技股份有限公司) (“**Nanjing Bestway**”), a joint stock limited company established under the laws of the PRC and listed on the Shenzhen Stock Exchange (stock code: 301195).
- (16) Represents interests held by Hunan Zhibo Deruo Venture Capital Partnership (Limited Partnership) (湖南致博德若創業投資合夥企業(有限合夥)) (“**Zhibo Deruo**”).
- (17) Represents interests held by Yuewan Lakeside Venture Capital (Dongguan) Enterprise (Limited Partnership) (粵灣湖畔創業投資(東莞)企業(有限合夥)) (“**Lakeside VC**”).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

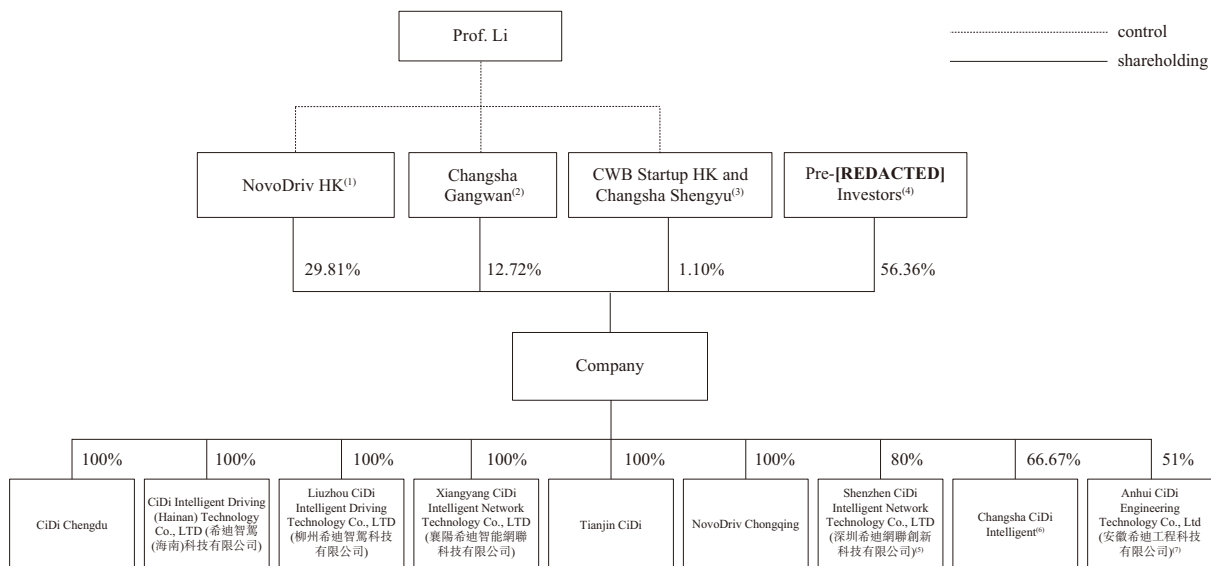
Share Incentive Scheme

We have established Changsha Gangwan as the Company’s share incentive platform, to further bolster the corporate governance structure, improve the incentive mechanism, encourage outstanding employees and consultants and external experts (the “**Scheme Participants**”) to be more proactive, and foster the sense of responsibility among the Scheme Participants to promote the stable, continuous and rapid growth of the Company. We adopted the Share Incentive Scheme on September 23, 2024 pursuant to which the Company will grant option(s) (“**Option(s)**”) to the Scheme Participants to acquire unit(s) (“**Unit(s)**”) in the 4,305,280 Shares held by Changsha Gangwan in the Company (out of the 4,883,250 Shares in total held by Changsha Gangwan). For details of the Share Incentive Scheme, see “Appendix VII — Statutory and General Information — D. Share Incentive Scheme”

CORPORATE STRUCTURE

Corporate Structure immediately prior to the completion of the [REDACTED]

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately prior to the completion of the [REDACTED]:



Notes:

- (1) The general partner of NovoDriv HK is NovoDriv Limited, which in turn is wholly-owned by Prof. Li. As of the Latest Practicable Date, NovoDriv HK was held as to 68.67% by NovoDriv Limited, 25.66% by Dr. Ma, 2.63% by Yang Xi, 1.62% by Hu Jishan (胡繼善) the father of Hu Albert Sibbo, our executive Director and chief executive officer, and 1.42% by CWB Startup HK.
- (2) (i) As of the Latest Practicable Date, Dongguan Intelligence, which is controlled by Prof. Li, held 1% of the partnership interest in Changsha Gangwan as the general partner. (ii) Pursuant to the nominee arrangement entered into between Prof. Li and Yang Xi, our non-executive Director, upon the establishment of Changsha Gangwan (the

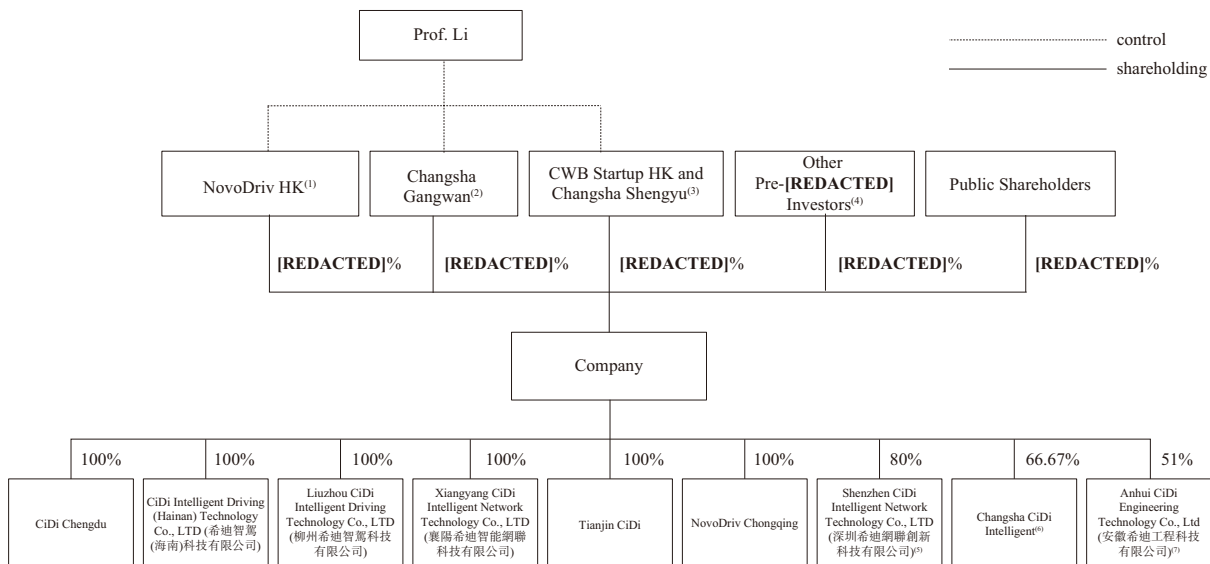
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

“Nominee Arrangement”), Prof. Li entrusted Ms. Yang to hold 99% limited partnership interest in Changsha Gangwan on his behalf for administration convenience. The Nominee Arrangement was subsequently terminated on October 23, 2024. Upon the completion of the registration with the relevant administrative authority with respect to the termination of the Nominee Arrangement, Changsha Gangwan will be held as to 99% by Prof. Li as limited partner, and as to 1% by Dongguan Intelligence as general partner as of the date of the document. As advised by our PRC Legal Adviser, the arrangements under the Nominee Arrangement are in compliance with the relevant PRC laws and regulations.

- (3) CWB Startup HK is wholly-owned by Clear Water Bay Startup Fund LP, which in turn is held as to 57%, 23% and 20% by Prof. Li, Ping Keung Ko (高秉強) and Gan Jie (甘潔) as limited partners, respectively. The general partner of Clear Water Bay Startup Fund LP is Clear Water Bay Startup Fund GP, which in turn is held as to 57%, 23% and 20% by Prof. Li, Ping Keung Ko and Gan Jie, respectively. Each of Ping Keung Ko and Gan Jie are Independent Third Parties. CWB Startup HK indirectly holds approximately 66.68% of the partnership interest of Changsha Shengyu.
- (4) Please refer to the chart under “— Capitalization of our Company” in this section for a list of the Pre-[REDACTED] Investors (excluding CWB Startup HK and Changsha Shengyu) and their shareholding percentage in the Company.
- (5) The remaining 20% equity interest in Shenzhen CiDi Intelligent Network Technology Co., Ltd. is held by Shenzhen Shenkechuang Industrial Development Co., Ltd. (深圳市深科創產業發展有限公司), an Independent Third Party.
- (6) The remaining 33.33% equity interest in Changsha CiDi Intelligent is held by Changsha Huiying Financial Holdings Ltd. (長沙匯贏金服控股有限責任公司), an Independent Third Party.
- (7) The remaining 49% equity interest in Anhui CiDi Engineering Technology Co., Ltd. is held by Anhui Zhilian Interconnect Engineering Technology Co., Ltd. (安徽智聯互通工程科技有限公司), an Independent Third Party.

Corporate Structure immediately following the [REDACTED]

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):



Please refer to Notes (1) to (7) in the preceding structure chart.

BUSINESS

OVERVIEW

Our Mission

Embrace better life with autonomous driving.

Our Vision

Revolutionize work safety, efficiency and comfort through continuous innovation in autonomous driving technology.

Who We Are

We are a leading provider of autonomous driving technology for commercial vehicles in China. We focus on the research and development of autonomous mining and logistics trucks, V2X technologies and high-performance perception solutions, and offer cutting-edge products and solutions underpinned by proprietary technologies. According to CIC:

- We are the only major autonomous driving company to commercialize solutions for closed environments, urban roads and intercity roads in China.
- We delivered 56 autonomous mining trucks for a mining site in China in mixed traffic with ~500 manned trucks, the world’s largest mixed-operation mining fleet.
- We delivered the first fully driverless electric mining fleet in China.
- We ranked first in China’s autonomous mining market in terms of revenue in the six months ended June 30, 2024.
- We are among the first autonomous driving companies in China to launch commercial V2X products.
- Our train autonomous perception system (TAPS) is the only product in China capable of independent safety perception¹.

Inherent challenges persist in mining, transportation and rail transit, where safety is a primary concern. Harsh conditions in mining operations lead to frequent accidents. Although the global mining sector only employs 1% of the total workforce, it is responsible for approximately 8% of fatal occupational accidents, according to CIC. Additionally, traffic accidents significantly impact the safety and efficiency of public commuting.

¹ Without relying on existing railway signaling systems or additional track-side devices.

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To address these safety issues, we offer cutting-edge solutions underpinned by innovative algorithms and reliable engineering designs. Our approach exemplifies “new quality productive forces” emphasizing safety, efficiency, comfort and environmental consciousness, while tackling persistent industry challenges. We achieved 24/7 continuous operations in various business use cases, where our products and solutions have remained accident-free since their launch.

Drawing upon innovative methodology and full-stack technology capabilities, we developed products and solutions encompassing (i) autonomous driving technologies, delivering autonomous mining trucks and logistics trucks; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high-performance perception solutions, adapting autonomous driving technology to rail transit and commercial vehicles.

Our pioneering full-stack autonomous mining solution, METAMINE, automates labor-intensive mining operations by integrating our proprietary algorithms with widely-used autonomous driving hardware for commercial vehicles, enabling autonomous operation and remote monitoring of driverless mining trucks. A challenging but critical process in autonomous mining is deploying driverless mining trucks alongside existing human-driven vehicles at mining sites, as it is costly and often impractical to transition to fully autonomous mining operations within a short timeframe. Leveraging proprietary fleet management and coordination technology, we delivered the world’s largest driverless mining fleet operating with manned vehicles, according to CIC. Our autonomous mining trucks also significantly boosted mining efficiency to 104% of that of human-driven mining trucks¹, as certified by the National Institute of Metrology of China (NIM) in 2022, making us the first and only autonomous driving company in China to achieve such efficiency as of the Latest Practicable Date, according to CIC.

Our unique business strategy and full-stack technological prowess made us a market leader in mass commercialization. Our initial focus on core autonomous driving functions for commercial vehicles fortified our competitive edge. Subsequently, we expanded and tailored our offerings to cater to more diverse and sophisticated demands, delivering unique value to customers across sectors and forming close collaborations with strategic partners, such as leading automotive OEMs, machinery manufacturers and energy companies. Our loyal customer base further solidifies our technological leadership and brand influence. We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. As of September 30, 2024, our total order backlog value reached approximately RMB500 million. As of the same date, we delivered 123 autonomous mining trucks to customers and received indicative orders for 320 autonomous mining trucks and 206 sets of standalone autonomous truck systems.

¹ The efficiency test compared nine of our driverless mining trucks to nine human-driven trucks (with drivers working 8-hour shifts), all operating for 16 hours daily under otherwise the same conditions.

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Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. Our gross profit increased from RMB6.8 million in the six months ended June 30, 2023 to RMB44.4 million in the six months ended June 30, 2024.

The below sets forth our operating highlights:



Market Overview

Market Opportunities

The rapid development of driving automation technology is reshaping global transportation, leading mobility into a new era with enhanced safety, efficiency and comfort. According to CIC, the markets we operate in present enormous opportunities for growth.

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The market size of global commercial vehicle autonomous driving reached RMB5.9 billion in 2023 and is expected to grow significantly, reaching RMB1,615.8 billion by 2030, with a CAGR of 123.0% from 2023 to 2030. China’s commercial vehicle autonomous driving market, which stood at RMB2.4 billion in 2023, is expected to grow rapidly due to favorable policies and technological advancements in autonomous driving, with a projected market size of RMB778.8 billion by 2030.

China’s autonomous mining industry is rapidly expanding, with market size reaching RMB0.4 billion in 2023, representing approximately 35.4% of the autonomous driving market within closed environments. By 2030, the market is expected to grow significantly to RMB24.8 billion, at a CAGR of 78.4% from 2023 to 2030. The total addressable market size¹ of China’s autonomous mining industry in 2023 was approximately RMB550 billion.

In 2023, China’s vehicle-road-cloud integrated systems market size reached RMB1.5 billion. It is expected to grow rapidly over the next few years and reach RMB35.3 billion by 2030, at a CAGR of 57.5% from 2023 to 2030. Such growth is fueled by technological advancements and favorable government policies for the development of V2X technology and construction of V2X pilot zones.

The market size of China’s high-performance perception solutions for rail transit and commercial vehicles reached RMB0.9 billion in 2023 and is projected to grow to RMB10.8 billion by 2030, at a CAGR of 42.7% from 2023 to 2030. The potential market size for these solutions in China is also substantial, with a total addressable market size² of approximately RMB508.4 billion in 2023.

Industry Challenges

Mining and industrial vehicles face challenges of frequent accidents, harsh working conditions, labor shortages and low production efficiency. To automate mining operations, companies must tackle issues related to navigating complex mining environments, precise vehicle control, fleet management, scheduling, safety and reliability, demanding strong R&D capabilities.

Road traffic faces challenges of congestion and emissions impacting the public’s quality of life. Unregulated conflict among vehicles, pedestrians and infrastructure, along with increasing density, causes inefficiencies and accidents due to blind spots and inadequate real-time data exchange, contributing to traffic problems and accidents.

¹ The total addressable market size includes product sales and fleet operation, calculated based on the installed base of mining trucks and assuming the penetration rate of autonomous driving is 100%.

² The total addressable market is calculated based on the installed base of rail transit and commercial vehicles, assuming the penetration rate is 100%.

BUSINESS

Rail transit faces challenges of low operational efficiency, high costs, inadequate intelligent monitoring systems and safety. Communication systems and track-side devices for smart railways often require mass deployment and incur high hardware costs.

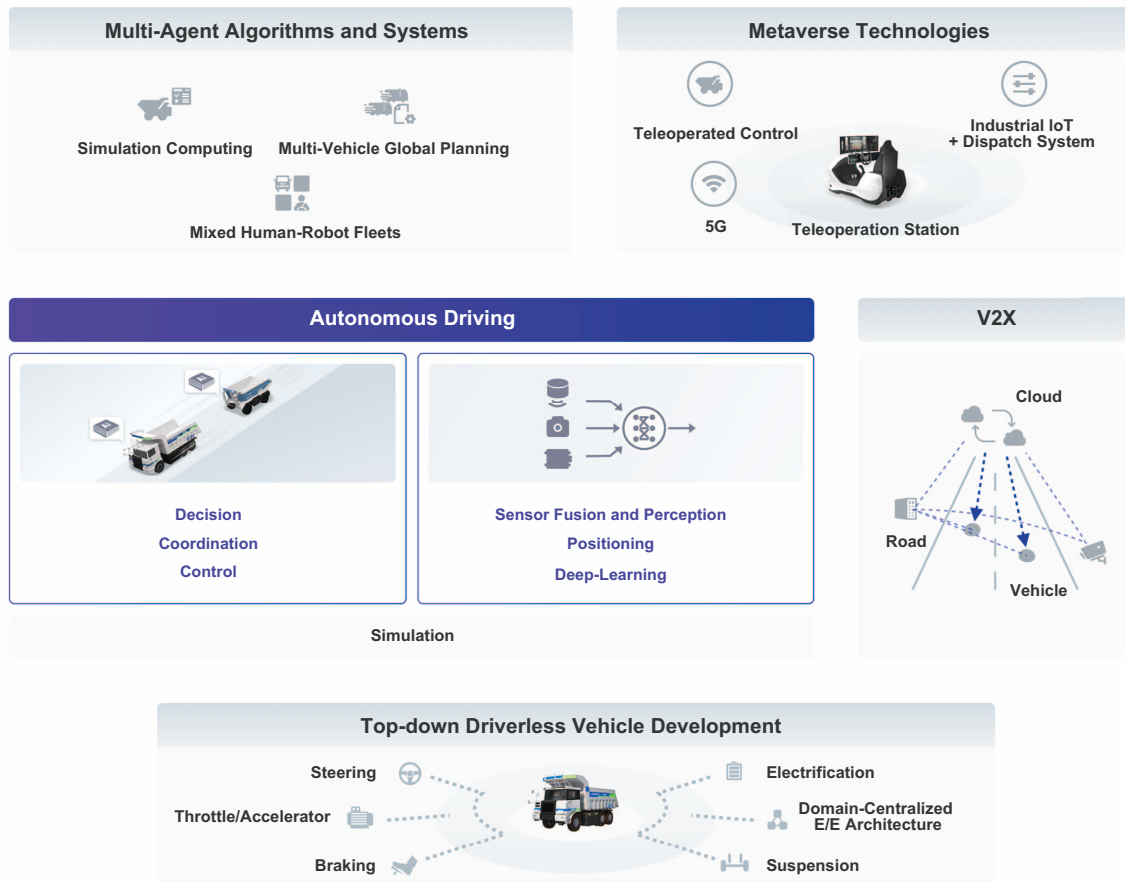
Tackling Challenges through Innovation

Drawing on our expertise and industry insights, we devised a unique product innovation strategy that addresses market challenges, solves evolving industry demands, rapidly iterates our technology and targets product-market fit head on. Our innovation approach enables rapid iteration cycles, realizing quick product turnovers that outpace competitors. Our ability to decouple complex systems and functionality enables us to offer complex and highly useable products while enhancing scalability. We are dedicated to discovering true latent customer requirements and capitalizing on customer-driven opportunities, leading to high customer satisfaction, robust strategic partnerships and consistent revenue growth.

Our innovation methodology is underpinned by a comprehensive proprietary technological framework, including but not limited to:

- Stable, high-speed and high-precision autonomous driving technology enabling single-vehicle autonomous driving.
- Multi-agent system algorithms facilitating convoy control of multiple autonomous vehicles.
- V2X technology enabling information exchange between vehicles and infrastructure to achieve beyond visual range (BVR) sensing and active sensing.
- Mixed fleet of manned and unmanned vehicles, 5G remote control and intelligent scheduling empowered by metaverse interfaces for enhanced efficiency and human-robot interactions.
- Jointly developed electrification and drive-by-wire system advancing the safety and efficiency of autonomous vehicles.

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Our Offerings

- Autonomous Driving**
 - Full-stack Autonomous Mining Solution.** Our comprehensive solution for autonomous mining, METAMINE, comprises (i) autonomous mining trucks to enable driverless loading, haulage and unloading processes for enhanced operational efficiency; (ii) fleet management system, facilitating efficient scheduling and collaboration among vehicles; (iii) central coordination platform, enabling monitoring and coordination of the entire mining operation; and (iv) teleoperation station, enabling remote operation of excavators and other high-skill maneuvers. As of September 30, 2024, we delivered 123 autonomous mining trucks for various cases, including quarries and coal mines in Henan, Jiangsu, Hubei, Hunan and western China, transporting over 12 million tons of coal and ores and accumulating over 1.2 million kilometers and up to 700 days of uninterrupted operation since their deployment as of the Latest Practicable Date. Leveraging comprehensive technological prowess, our innovative METAMINE solution

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harmonizes driverless and human-driven operational scenarios. By enabling humans to interact with hazardous and challenging physical spaces in the metaverse through gamified remote-control terminals, we create safe and engaging work opportunities, solving labor shortage problems in the mining industry.

- o *Autonomous Logistics Trucks.* Our autonomous logistics trucks solution is designed to enable safe, reliable, stable and efficient driverless heavy-duty logistics in closed and semi-closed environments such as industrial and logistics parks. Our solution effectively integrates (i) driverless heavy-duty logistics trucks to achieve end-to-end autonomous driving from one loading point to another for increased efficiency and safety; (ii) V2X system for increased safety and efficiency through real-time traffic information exchange between roadside systems and autonomous trucks, which is critical to add BVR sensing and active sensing capabilities to single vehicle intelligence; (iii) central coordination platform to streamline tasking processes while simplifying and visualizing logistics data; and (iv) emergency takeover system to provide additional safety redundancy.

- **V2X**

In line with national policies propelling the broader adoption of V2X technology and the construction of intelligent infrastructure, we developed industry-leading V2X devices and solutions integrating vehicles, roadside infrastructures and cloud platforms to facilitate the advancement of intelligent transportation systems and smart cities. We successfully implemented V2X projects in five out of seven national-level V2X pilot zones in China, supporting diverse and complex vehicular networking scenarios. Our patented *V2X + Transit Signal Priority* technology has been implemented in multiple cities and facilitated Changsha city to win the 2021 Mobility Award at the Smart City Expo World Congress, contributing to congestion reduction, energy conservation, emission reduction and carbon neutrality efforts.

- ***High-Performance Perception***

- o Leveraging expertise in autonomous driving technology for heavy-duty commercial vehicles, we developed the Train Autonomous Perception System (TAPS), an active safety system for trains that applies autonomous driving technology for heavy-duty trucks to rail transit scenarios to address the pressing need for trains to possess active perception capabilities.

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- o We also provide in-vehicle intelligent safety management systems for commercial vehicles, delivering a comprehensive suite of functionalities including 360-degree adaptive surround view and environment information perception, omnidirectional warning system, Driver Monitoring System (DMS) and vehicle recording, among others, all within a single device.

Our Value Propositions

- **Safety.** Autonomous driving and V2X technologies significantly reduce accident rates, especially in complex and harsh mining environments.
- **Efficiency.** Our autonomous mining solution supports 24/7 continuous operation, saving fuel costs, releasing manpower from dangerous working environments while enhancing productivity and efficiency. V2X products improve road intelligence and transportation efficiency.
- **Comfort.** Our teleoperation station is connected with an immersive cloud platform and offers a comfortable and intelligent operating experience, especially attracting young workers.
- **ESG.** Our autonomous driving solutions prioritize safety, environmental protection and low carbon emissions, contributing to sustainable development. Our autonomous electric mining trucks excel in productivity, safety and cost-effectiveness compared to traditional human-driven fuel trucks. Our V2X products reduce accidents and congestion, optimize traffic flow, and enable a more economically efficient and lower carbon emission transportation system.

OUR STRENGTHS

Leading Provider of World-Class Autonomous Commercial Vehicle Technology

As a leading provider of autonomous driving technology for commercial vehicles in China, we pioneer the industry with cutting-edge products and solutions based on advanced proprietary technology, achieving industry milestones with our commercialization efforts. According to CIC:

- We are one of the earliest in China to commercialize autonomous driving technology for commercial vehicles in 2018.
- We are the only major autonomous driving technology company to commercialize solutions for all three major scenarios including closed environments, urban roads and intercity roads in China.

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- We delivered 56 autonomous mining trucks for a mining site in China in mixed traffic with nearly 500 manned trucks, the world’s largest mixed-operation mining fleet.
- We ranked first in China’s autonomous mining market in terms of revenue in the six months ended June 30, 2024.
- Our V2X technology has one of the broadest product and scenario coverages in China and has been implemented in five out of seven national-level V2X pilot zones in China.
- As a leading provider of autonomous perception technology for rail transit, we offer extensive functionalities with the strongest system performance metrics in terms of obstacle perception distances, real-time autonomous positioning accuracy and train speed measurement precision. We are also one of the few companies in China to offer high-performance perception solutions for rail transit that passed stringent SIL4 certifications.

Our market leadership is the result of our relentless efforts in identifying latent customer needs and pain points and leveraging our technological capabilities to develop high-value products for the optimal product-market fit. This enabled us to adopt a pure product sales model, distinguishing us from most competitors who also engage in fleet operations. Our strong market power and validated product performance, reliability and user-friendliness allow us to deliver products on a one-off basis to customers without the need to provide ongoing operational services. We translated our industry-leading technology into commercial success within a short period of time. For example, we began mass production of our autonomous mining trucks in 2022 and delivered 123 autonomous mining trucks to customers as of September 30, 2024. Our pioneering and leading positions in the industry enable us to achieve commercialization ahead of competitors, strengthen competitive edges and build a loyal customer base and position us to swiftly capture future growth opportunities and rapidly expand our business.

Cutting-edge R&D and Comprehensive Technological Prowess

Our R&D team’s expertise spans across AI, computer science, robotics and vehicle engineering, among others, enabling interdisciplinary development and application. As of June 30, 2024, we had a total of 244 R&D personnel, constituting 57.3% of our workforce. We strategically deployed R&D teams in Changsha, Chongqing and Chengdu to collaborate closely with customers in different regions while also attracting top talents across various regions. We also engage in collaborative R&D projects with renowned institutions around the world, such as the King Abdulaziz City for Science and Technology (KACST) in Saudi Arabia to enhance our R&D and commercialization capabilities and drive industry advancements.

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Leveraging comprehensive technological prowess, we developed proprietary algorithms, software, subsystems and modules encompassing all aspects of autonomous driving, enabling us to develop industry-leading products and solutions and making us the first and only in the industry to boost driverless mining efficiency to 104% of that of human-driven mining trucks, according to CIC. This was made possible by our state-of-the-art autonomous vehicle planning and control system enabling high-precision and adaptive trajectory planning and decision-making in complex and constantly changing environments; dust, fog and vibration-proof vehicle perception system ensuring reliable performance even in harsh conditions while enabling automated 3D driving space construction and real-time updates without human intervention; and advanced multi-agent decision and optimization algorithms and systems for coordinating, scheduling and dispatching heavy-duty vehicle fleets that maximizes operational efficiency, preemptively resolves traffic conflicts and enables collaboration with human-driven vehicles. These systems are repeatedly tested, validated and iterated through our extensive simulation platform to maximize performance and efficiency, while significantly reducing on-site testing needs. Moreover, our ability to embed proprietary algorithms into high-performance computing devices and novel components such as LiDAR on autonomous vehicles enables timely adaptation and upgrades as well as the development of proprietary software-defined functionalities.

As a testament to our R&D capabilities, we had an extensive intellectual property portfolio with 532 patent applications and 325 registered patents in the PRC, consisting of 135 invention patents, 107 utility patents and 83 design patents as of the Latest Practicable Date. As of the same date, we participated in the formulation of over 50 industry standards, including contributing to the T/CSAE 53-2017 standard for intelligent transportation and vehicular communication and leading the drafting of C-ITS group standards for implementing cooperative public transit systems. Our strong, replicable R&D methodologies enhance R&D efficiency and accelerate the path to commercialization. Our R&D processes prioritize automotive safety, with more than 10 automotive-grade quality and safety management system certifications.

Proven Commercial Success in Domestic Markets with Global Outlook

Establishing a solid foothold in the Chinese market while keeping our sights set on global expansion, we led a series of flagship projects domestically and effectively extended our domestic success to overseas markets, marking a significant step in our global outreach.

We successfully rolled out a series of benchmark projects across China, earning the trust of strategic partners. For autonomous mining, we delivered the first fully driverless electric mining fleet in China for TCC in Jurong, Jiangsu, which is also the first nationwide autonomous mining project certified by the NIM to exceed the efficiency of manual mining operations; our project in Northwest China represents China’s largest mixed fleet of manned and unmanned mining vehicles; our autonomous mining project in Zhengzhou, Henan represents China’s first fully driverless

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quarry with excavator collaboration, according to CIC. For V2X, since the initial commercialization of our in-house developed V2X devices in 2018, we consistently achieved groundbreaking endeavors including launching the innovative V2X + *Active Transit Signal Priority* system and playing a key role in establishing one of the largest national-level V2X pilot zones for Liangjiang New Area, Chongqing, according to CIC. For high-performance perception, we were one of the first in the industry to deliver mass-produced, factory-installed autonomous perception system for trains, according to CIC.

Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. As of September 30, 2024, our total order backlog value reached approximately RMB500 million. As of the same date, we delivered 123 autonomous mining trucks to customers and received indicative orders for 320 autonomous mining trucks and 206 sets of standalone autonomous truck systems.

Our products and solutions are designed for standardized deployment, enabling us to replicate R&D results and reduce development costs. Drawing on the experience gained from landmark projects in China, we replicated our proven business models overseas, forging strong customer relationships and establishing a solid foothold in various overseas regions. This led to the signing of multiple overseas projects, with indicative order value reaching RMB18.7 million as of September 30, 2024. Key projects include partnership with a Mongolian corporation for a green mining pilot project utilizing our new energy autonomous mining trucks; a zero-waste initiative in Ha'il, Saudi Arabia utilizing autonomous heavy-duty trucks for intelligent waste management and recycling; and an autonomous driving project for transportation in complex cave environment without GNSS signal in Shatin, Hong Kong, among others.

Evolving Ecosystem Built with Trusted Partners along Industry Value Chain

Through close collaboration with partners along the entire industry value chain, we collectively built a mutually empowering and evolving product ecosystem. We strategically positioned ourselves within the industry chain to leverage the expertise and insights of our partners and facilitate knowledge exchange and innovation in the industry. We fostered synergistic partnerships with leading automotive OEMs to deliver factory-installed autonomous driving vehicles to customers, combining the OEMs' mass production capabilities and technical experience in diverse vehicle types with our expertise in autonomous driving technology. This enables seamless and optimal integration of our autonomous driving algorithms, software and subsystems with the vehicles and fosters long-lasting relationships that mutually empower and drive our innovation and commercialization.

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We engage closely with downstream players to foster customer loyalty and uncover latent customer needs, with an aim to continually optimize product-market fit. By incorporating customer feedback into our product development processes, we make timely and informed decisions based on first-hand user experience. Catering to specialized sectors such as mining and rail transit, we invest substantially in observing customer operations and environmental conditions as well as understanding their needs and risks. This enables us to deliver high-value products that seamlessly integrate with customers’ operational flow and drive user satisfaction. This customer-centric process reinforces our products’ value and solidifies long-term customer relationships, enabling us to build a loyal customer base.

Our clientele is highly diverse, which enriched our experience across different application scenarios and vehicle types, allowing us to expedite the implementation of new projects and quickly grow our business. Additionally, our extensive partner network and loyal customer base also enable us to leverage cross-selling opportunities and word-of-mouth marketing by satisfied customers, positioning us for rapid growth without significant investments in sales and marketing.

Our key ecosystem partners include prominent companies across various sectors, such as Sinotruk and Dongfeng Liuzhou Motor from the automotive industry; Sany Heavy Industry, Lingong Heavy Machinery and Shaanxi Tonly Heavy Industries from the machinery industry; TCC from the construction industry; and NavInfo from the V2X industry.

Esteemed Management Fostering Homegrown Talent Pool with Product-Oriented Culture

We are led by a team with cutting-edge expertise in the international automation industry and developed a unique training culture designed to cultivate engineers focused on creating application value for customers and driving our continued growth.

Our founder and chairman, Prof. Li, is an internationally renowned research scientist in AI, robotics and automation and a recipient of the 2019 IEEE Robotics and Automation Award. He is a serial academic entrepreneur dedicated to incubating talent and has co-founded some of China’s most prominent tech companies. He also served as a research scientist in the AI Laboratory of MIT and was the originator of nonholonomic motion planning, a critical field in robotics. Combining academic and entrepreneurial expertise, Prof. Li leads our talent training and cultivation efforts with a product-oriented culture.

Our co-founder, vice chairman and chief architect, Dr. Ma, is a Silicon Valley veteran with over 30 years of expertise in robotics, signal processing and automotive industries. He previously held key research positions at National Semiconductor Inc and Texas Instrument Inc in the United

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States, specializing in autonomous driving applications. Our executive Director and chief executive officer, Dr. Hu, is our homegrown talent who joined us in 2018 with a Ph.D. from the University of California, Berkeley. With educational and professional expertise in both technological research and business management, Dr. Hu spent the last seven years in key engineering roles at our Company, including principal scientist, head of the control systems team and research director of CiDiLabs. Dr. Hu also serves as graduate advisors at first-class institutions in China, which in turn facilitates our talent acquisition efforts.

Our core team, formed under the guidance of our founding team and training culture, come from esteemed institutions such as the University of California, Berkeley, the University of Michigan Ann Arbor and the Hong Kong University of Science and Technology, among others, and has an average of more than 15 years of industry experience, many of whom have been with our Company since the start. Under the leadership of Prof. Li, we developed a unique and effective training culture to systematically cultivate engineers specialized in autonomous driving and intelligent hardware. Promoting the “New Engineering Education Transformation” philosophy, we identify and nurture young engineers with innovative spirits and cross-disciplinary expertise, fostering a culture of product-oriented innovation and practical problem-solving aimed at delivering unique value to customers.

OUR STRATEGIES

Continually Invest in Autonomous Driving Technology and Enhance Product Competitiveness

We plan to continually iterate our autonomous commercial vehicle products and technologies, specifically:

- Identify high value applications and build an innovative product matrix resilient against market uncertainties.
- Enhance algorithm precision, robustness and adaptability to resolve corner cases through more refined extreme scenario data analysis.
- Integrate software, hardware and algorithms to expand application scenarios of our solutions, such as combining intelligent fleet scheduling with digitalized industrial management to achieve fully autonomous driving in mining sites.
- Collaborate with leading OEMs to standardize hardware installation and deployment for autonomous driving systems.

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We plan to further upgrade, optimize and expand deployment of our software, hardware and algorithms, while increasing their cost-effectiveness, specifically:

- Enhance performance of sensor suite, including LiDAR, vision sensors and mmWave radar, to improve stability, safety and calibration accuracy.
- Optimize intelligent processing units, V2X roadside units, V2X onboard units and edge computing units to offer competitive domestic V2X solutions.
- Enhance intelligent scheduling systems for autonomous mining trucks, remote control systems, high-performance perception solutions for rail transit, V2X cloud control platform and intelligent transportation systems by optimizing software functionality and user experience.

We also plan to diversify the application scenarios of our autonomous driving technology, such as high-speed commercial vehicle driving scenarios. We aim to identify more opportunities for autonomous driving technology application in areas such as driverless logistics parks, heavy-duty trucks for ports, airport logistics and autonomous sanitation.

Expand Sales and Form Lasting Strategic Partnerships

We plan to strengthen existing customer relationships through the following:

- Expand the integration of our products onto additional vehicle models of existing customers.
- Enhance the single-vehicle commercial value with existing customers. For example, we aim to transition from offering single sensors or software algorithms to full-stack autonomous driving systems and expanding from autonomous driving solutions to provide a broader range of V2X products.

We plan to further broaden our customer base to supply autonomous driving systems for mass-produced vehicles of more customers, offer V2X solutions to a wider range of intelligent transportation systems and provide high-performance perception solutions for more rail transit applications.

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Expand Global Presence and Market Share

We plan to evaluate resources, costs and policies before entering overseas markets to capitalize on the significant growth potential in the commercial vehicle autonomous driving industry. One of our key initiatives is driving the overseas commercialization of autonomous mining trucks to Australia, Europe and South America. Through collaborations with Saudi Arabia’s NEOM new city and other similar projects, we aim to gradually extend our overseas presence through the launch of CiDiTruck, our flagship product designed to elevate user experiences to the maximum, catering to legitimate societal needs. In open roadways and complex environments, CiDiTruck serves as an intelligent driving solution for professional operators, minimizing risks of accidents. In more contained settings, it transitions into an autonomous vehicle, serving service operators by enhancing operational efficiency and reducing accident rates.

Leveraging experience from our overseas expansion endeavors, we are well-equipped to venture further into international markets, strategically positioning ourselves to meet the global demand for autonomous mining trucks.

Attract and Retain Top Talent Globally

We are dedicated to further attracting renowned R&D experts worldwide to bolster our capabilities in software and algorithm development. We also plan to expand and reinforce our sales and marketing teams to better seize global market opportunities.

We developed a unique and effective training culture to systematically cultivate engineers specialized in autonomous driving and intelligent hardware. Through this system, we aim to provide long-term nurturing and empowerment to exceptional talents within our organization and identify young engineers with innovative spirits and cross-disciplinary expertise, fostering a culture of product-oriented innovation and practical problem-solving aimed at creating unique value for customers.

Selectively Engage in Investments, Mergers and Strategic Partnerships

We plan to further consolidate resources along the upstream and downstream industry chain through strategic investments or mergers and acquisitions. Potential targets include suppliers with strong research and delivery capabilities in autonomous driving software, hardware systems and key components, as well as end customers and operators with significant competitive advantages in the autonomous driving industry. We believe such strategic investments or mergers and acquisitions will enable us to extend our reach upstream and downstream, effectively integrate

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business resources, ensure supply chain stability and better cater to the demands of downstream application scenarios. We have not identified or entered into any letter of intention to acquire any potential target.

OUR OFFERINGS

We are a leading provider of autonomous driving technology for commercial vehicles in China. We developed products and solutions encompassing (i) autonomous driving technologies, delivering autonomous mining trucks and logistics trucks for application; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high performance perception solutions adapting autonomous driving technology to rail transit and commercial vehicles in open environments.

The below table sets forth our major products and solutions:

Category	Products and solutions	Revenue contribution in the six months ended June 30, 2024	
		<i>Amount (RMB in thousands)</i>	%
Autonomous driving	• Full-stack autonomous mining solution	156,043	60.4
	• Autonomous logistics truck solution		
V2X	• V2X products and solutions	74,237	28.7
High-performance perception	• Train autonomous perception system	28,181	10.9
	• In-vehicle intelligent safety management solution		

Autonomous Driving

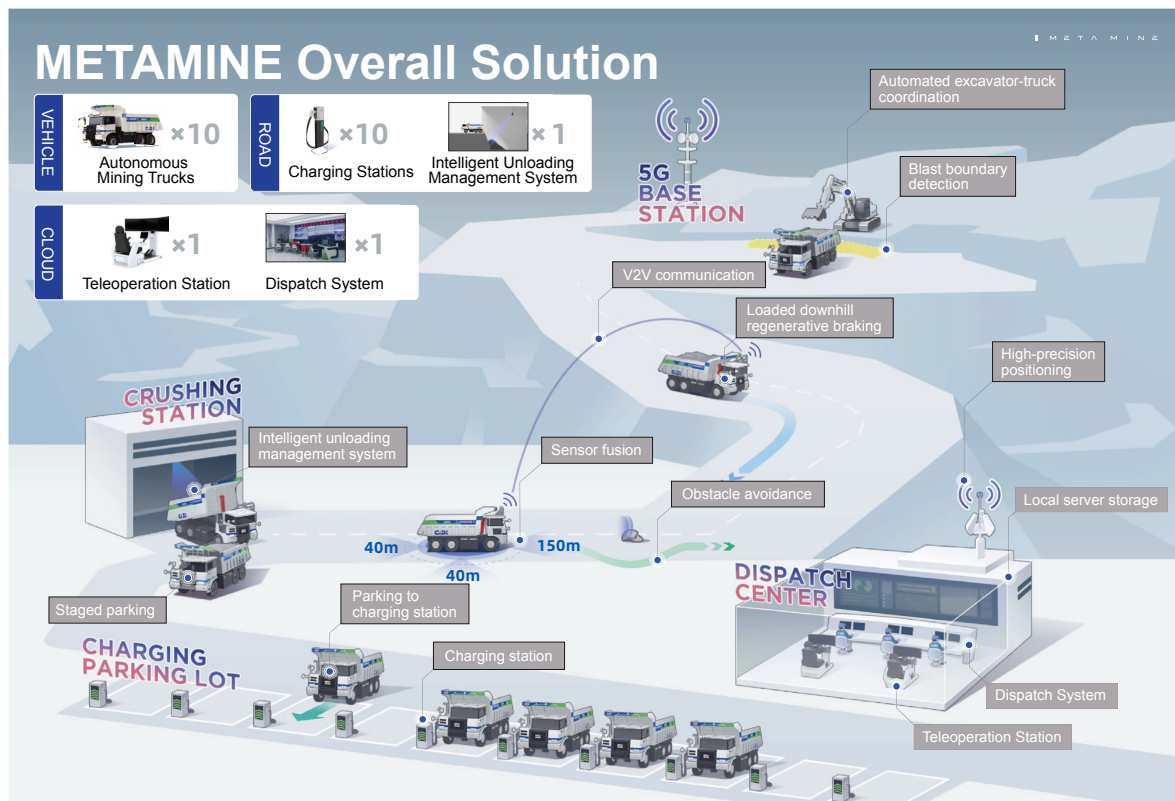
Our autonomous driving solutions include (i) full-stack autonomous mining solution and (ii) autonomous logistics truck solution. Our revenue from autonomous driving increased from RMB6.8 million in 2021 to RMB74.4 million in 2023, and further from RMB17.5 million in the six months ended June 30, 2023 to RMB156.0 million in the six months ended June 30, 2024.

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METAMINE — Full-stack Autonomous Mining Solution

Our full-stack autonomous mining solution, METAMINE, aims to enable the driverless, intelligent operations of key processes in mining including drilling, blasting, excavation and haulage.

Our METAMINE solution comprises (i) driverless mining trucks equipped with our proprietary autonomous truck system, realizing driverless loading, haulage and unloading processes for enhanced operational efficiency; (ii) fleet management system, managing loading, haulage and unloading processes in the mining area and facilitating efficient scheduling and collaboration among vehicles; (iii) central coordination platform, enabling monitoring and coordination of the entire mining operation; and (iv) teleoperation station, enabling remote operation of excavators and other high-skill maneuvers.



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Autonomous Mining Trucks

We collaborate closely with automotive OEMs to design autonomous mining trucks equipped with advanced autonomous driving technology designed to address the challenges of complex mining environments and heavy haul operations.

Forward vision sensors

Identify and classify targets accurately, recognizing pedestrians, vehicles, traffic cones, among others

Forward LiDAR

3D laser point cloud can measure distance and identify obstacles with high precision.

5G communication module

Faster data transmission speeds, low latency, high reliability, waterproof and dustproof

Blind spot LiDAR

90° × 360° hemispherical field of view, covering blind spots around the vehicle

Tire pressure monitoring system (TPMS)

GPS/GNSS Multi-sensor fusion positioning system

High-precision positioning with centimeter-level accuracy, ensuring stable autonomous driving in most outdoor scenarios; indoor navigation provided by sensor fusion

OBU V2V communication

C-V2X-based communication system sends and receives positioning, heading, speed, altitude and driving intention to other vehicles and equipment, responding promptly to ensure vehicle safety

Lateral vision sensors

Accurately detect side obstacles as vehicles and pedestrians. Precisely sense road boundaries to ensure safe lane changes and driving on narrow roads. Effectively monitor the approach of objects from the side, enhancing situational awareness and ensuring safer driving

Forward view millimeter-wave radar

Acquisition of information including relative distances, speeds, angles, and directions of surrounding objects; rapidly detect objects at long distances and operate in all-weather and lighting conditions

Charging efficiency

≤ 1h Dual-gun Fast Charging (SOC 25% ~ 95%)

Capacity

60t-100t



We jointly developed different types of autonomous mining vehicles with automotive OEMs, primarily including the below:

Suitable for Heavy Loaded Downhill Scenarios

Pure Electric Drive



Cement, Sand and Gravel, Aggregate Mines, etc.

Regenerative braking for heavy loaded downhill, green and energy-saving

Suitable for Heavy Loaded Uphill Scenarios

Range-Extended Drive



Coal Mines, Copper Mines, Iron Mines, etc.

High-torque electric motor provides sufficient power for heavy loaded uphill

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We categorize the key functionalities of our autonomous mining trucks into three groups, namely: (i) perception and positioning, (ii) decision, coordination and control, and (iii) diagnostics and redundancy:

- **Perception and Positioning**

- o ***Sensor fusion and processing:*** Combining sensor fusion, BEV perception and deep learning technologies, integrates heterogeneous automotive-grade sensors including mmWave radar, automotive-grade LiDAR and vision systems to enable 360-degree perception around the vehicle body with zero blind spots and reliable detection and differentiation of pedestrians, different types of vehicles, rocks and obstacles within a 100-meter range. Our fine-grained object detection model is trained with real mining data with strong generalization capabilities, requiring minimal fine-tuning for complex conditions. It is able to detect obstacles as small as 10*10cm from 40 meters away, outperforming industry standards, according to CIC.
- o ***Enhancement filtering:*** Employs intelligent noise filtering algorithms to precisely filter out dust, rain, snow and fog and utilizes motion compensation technology to minimize interference from vehicle vibrations. The system evaluates sensor noise in real time and dynamically adjusts the fusion strategy to ensure safe autonomous driving 24/7 in all lighting and weather conditions, such as extreme brightness or darkness, sandstorms (impacting visibility) and heavy snow (impacting positioning capabilities).
- o ***Site boundary detection and update:*** Dynamically detects mining site boundaries utilizing GNSS and RTK technology for high-precision autonomous positioning combined with vehicle perception and spatial modeling. A significant pain point for autonomous mining is constantly changing site condition and boundary due to mining activities. Tailored for loading, blasting and dumping zones where site condition is constantly altered, our solution dynamically models the mining space and updates the loading locations in real-time, allowing our driverless vehicles to operate continuously without human intervention, enhancing overall efficiency and autonomy of mining tasks.
- o ***V2V (Vehicle-to-Vehicle) cooperative perception and active sensing:*** Integrates On-Board Units (OBUs) installed on mining trucks and C-V2X software with a communication range of up to 800 meters and a latency of less than 30ms, ensuring real-time data exchange and active sensing against fog and rainy conditions. This technology enables real-time acquisition of the precise location

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and perception information of other vehicles, enhancing BVR perception capabilities and improving safety redundancy, thereby enhancing the overall decision-making and planning process, and in turn improving operational efficiency.

- **Decision, Coordination and Control**

- ***Intelligent obstacle avoidance:*** Determines whether to runover, evade, or navigate around obstacles based on their characteristics.
- ***High-speed navigation:*** Enables autonomous navigation at speeds up to around 40km/h, even in mixed operation scenarios, the highest in the industry, according to CIC.
- ***Collaboration between driverless and human-driven vehicles:*** Utilizes our proprietary mixed operation technology to enable collaboration between human-driven and driverless vehicles in mining operations. Our driverless mining trucks can operate seamlessly with human-driven vehicles that are not equipped with any intelligent devices, facilitating mixed traffic flow on transport routes and complex scenarios such as intersections and lane changes. This eliminates the need to designate a separate operating area for the driverless trucks or modify any human-driven vehicles, significantly reducing adoption costs for mine operators in terms of both environmental modification and initial commitment. Such mixed operation differs significantly from purely driverless vehicle operations, necessitating additional functionalities such as recognition of human-driven vehicles without any intelligent devices or trajectory prediction, as well as smart evasion and overtaking.
- ***Adaptive parking:*** Achieves precise parking based on vehicle perception and map boundary information, adapting to constantly changing site conditions, with lateral parking accuracy <15cm and longitudinal parking accuracy <20cm.

- **Diagnostics and Redundancy**

- ***Fault diagnosis system:*** Performs over 100 self-diagnostics per second for more than 1,600 fault detection items.

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Fleet Management System

Our proprietary fleet management system aims to optimize mining activities through facilitating efficient scheduling and coordination among vehicles. It consists of (i) algorithms for multi-vehicle global path planning, optimized efficiency scheduling and mix-traffic flow facilitation; and (ii) software for distributed fleet management across multiple locations and simulation. The system enables the following key functions:

- ***Intelligent scheduling of loading and unloading:*** Utilizes deep learning and optimization algorithms to compute optimal vehicle destinations for loading/unloading, enhancing overall production efficiency by 13%.
- ***Multi-vehicle planning and coordination:*** Enables: (i) orderly and obstacle-free queuing for autonomous vehicle fleet; (ii) intelligent route selection adapting to complex mining conditions such as extremely narrow, steep or rocky road conditions; and (iii) preemptive traffic jam avoidance and deadlock prevention and resolution, reducing fleet total travel time by 15%; supports deployment of over 1,000 vehicles; and reduces the need for extensive real-world testing in the mines by testing complex traffic scenarios using our proprietary AI simulation platform, speeding up project timelines.
- ***Prediction of human-driven vehicle behavior and trajectory:*** Facilitates mixed traffic flow of driverless and human-driven vehicles. Leveraging multi-vehicle sensor fusion and neural networks, achieving prediction accuracy of over 95%, outperforming industry average, according to CIC.
- ***Charging optimization:*** Opting for vehicle recharging during periods of low electricity prices and optimizing charging times enhances vehicle utilization by over 10% and reduces charging costs by over 20%.
- ***Dispatch optimization:*** Optimizes vehicle dispatch to maximize efficiency and allocates vehicles, excavators and other equipment and resources for optimal coordination and increased operational efficiency.

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Central Coordination Platform

The central coordination platform aims to monitor the entire mining operation and collect data for statistical analysis. It features the below key functions:

- ***Intelligent Scheduling:*** Automatically schedules and dispatches mining trucks for loading and unloading operations based on real-time workload assessments to optimize vehicle allocation, reducing vehicle queueing time and idle time at loading or unloading points, thereby boosting fleet productivity.
- ***Real-time 3D terrain models:*** Automatically constructs 3D mining terrain models based on point cloud information collected by LiDARs equipped on our driverless mining trucks and enables real-time, frequent updates of the truck’s operating area. This optimizes the route planning and coordination of driverless vehicles in complex and constantly changing mining conditions, enhancing operational efficiency and safety.
- ***Equipment Monitoring and Management:*** Enables real-time monitoring and tracking of the positions, queuing and task completion statuses or any malfunctioning of mining trucks, drill rigs, excavators, crushing stations and other equipment in the mine. Allows remote access to vehicle cameras for monitoring of the surroundings to facilitate efficient mine management. Supports concurrent monitoring of over 1,000 devices.
- ***Statistical Analysis:*** Automatically calculates and records production volume, fuel/electric consumption and maintenance logs, and analyzes the efficiency of vehicle dispatch, refueling, maintenance and production using big data technology to facilitate cost reduction, efficiency improvement and management enhancement in mining operations.

Teleoperation Station

Our teleoperation station is a supplementary tool that enables remote operation for excavation and other high-skill maneuvers. Consisting of teleoperation station hardware, 5G connectivity modules and remote control software including control algorithms and perception suite with user-friendly interfaces that enhance the overall experience for operators, enabling highly immersive remote operation of excavators and cranes to complete intricate and high-risk tasks such as excavation, drilling, blasting and other operations, greatly improving the safety of operators and the working environment. It also enables remote operation of vehicles in corner cases where autonomous driving may not be suitable. Connected with an immersive cloud platform, it offers a comfortable and intelligent driving experience, creating appealing job opportunities which especially attract young workers.

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Our teleoperation station can control operations more than 1,000 km away, continuously and reliably operate for over 120 hours and features a lightweight and compact design (< two square meters; ≤120kg).



The key functionalities of our teleoperation station are summarized below:

- Ultra-low latency remote control over long distances (emergency stop command latency ≤20ms; signal latency ≤20ms; image latency ≤160ms) and comprehensive network compatibility.
- Multi-vehicle control from a single station.
- Two-way voice communication.
- Live visual, audio and sensor-assisted feedback.
- Comprehensive safety measures including lane departure warning, vehicle collision avoidance system and 360° coverage with zero blind spots.
- Serves as an emergency takeover system for driverless vehicles during rare occurrences of emergency system failures. The rate of such emergency takeover during the operation of our driverless vehicles was approximately 0.2% as of June 30, 2024.

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- Modular design enabling flexible customization for different scenarios and vehicles.

Use Cases

Autonomous Mining Project in Jurong, Jiangsu for TCC

In March 2022, we delivered 14 driverless electric mining trucks for an intelligent mining project in Jurong, Jiangsu. This project enabled the mine operator, TCC, to perform autonomous loading, haulage, unloading and recharging operations without the need for safety personnel running 24/7. According to CIC, it marked a significant milestone as China’s first autonomous electric mining project with full mining area coverage, with the following achievements:

- The first and only autonomous mining project in China certified by NIM to surpass the efficiency of manual mining operations as of the Latest Practicable Date.
- Annual reduction of over 1,800 tons of carbon emissions.
- Cost reduction of RMB1.75 per ton compared to fuel vehicles.

Large Coal Mine in Northwest China

In December 2023, we delivered 56 driverless mining trucks to the mine operator of a large coal mine in northwest China. The coal mine was located at an altitude of 2,600 meters. The driverless truck loading area was located at altitudes ranging from 2,310 to 2,460 meters, with unfixed and constantly changing mining areas, requiring a mixed fleet of manned and unmanned mining trucks with high safety and functionality standards. According to CIC, this project set the record for (i) the world’s largest driverless mining fleet operating with manned vehicles, and (ii) the world’s largest mixed-operation mining fleet, as of the Latest Practicable Date.

Integrated with an intelligent planning system, remote driving system, high-precision positioning system and intelligent excavator terminal, our driverless mining trucks enabled the safe, low-carbon and productive autonomous operation. We addressed the following technical challenges in the project:

- In response to the operation suspension caused by temporary network outages, we upgraded the hybrid positioning system and optimized the algorithms to enable the driverless trucks’ continued operation without network connection.

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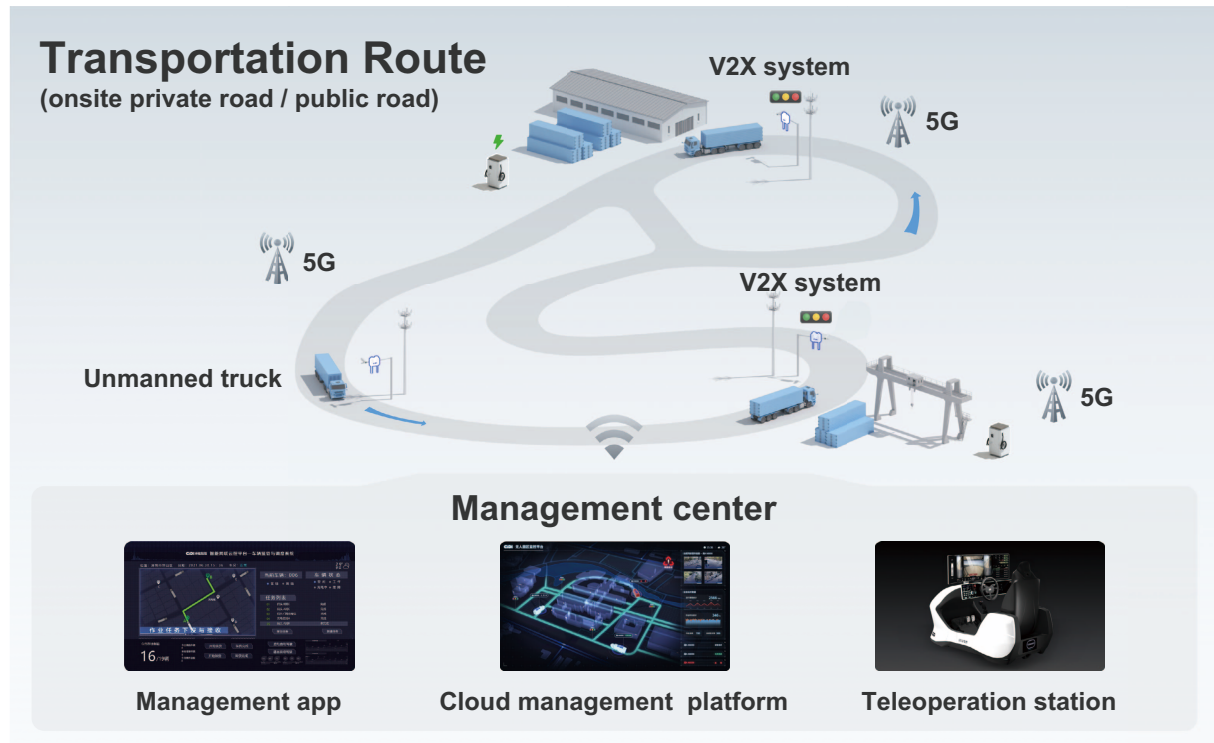
- In response to the safety hazards and traffic congestions caused by the merging and diverging of driverless vehicles at the intersections, we developed a route prediction function that facilitated driverless trucks to detect other vehicles’ location and speed information and predict other vehicles’ intended routes.

Autonomous Logistics Truck Solution

Our autonomous logistics truck solution is designed to enable safe, reliable, stable and efficient driverless heavy-duty logistics in closed and semi-enclosed environments such as factories and logistics parks. It aims to promote the development of autonomous logistics and accelerate the formation of “new quality productive forces” in the logistics industry.

Our autonomous logistics truck solution offers similar fundamental functionalities to our autonomous mining solution such as autonomous vehicle control and decision-making as well as coordination and planning, while adapting to specific demands of logistics scenarios such as cargo handling requirements, navigating challenging conditions of industrial parks and adapting to mixed traffic scenarios with pedestrians and other vehicles. The solution effectively integrates (i) driverless heavy-duty logistic trucks, enabling end-to-end autonomous driving from one loading point (e.g. cargo platform) to another within the enclosed operating area for increased efficiency and safety; (ii) V2X system, providing an extra layer of safety and increased efficiency through real-time traffic information exchange between roadside systems and driverless trucks; (iii) central coordination platform, streamlining tasking processes while simplifying and visualizing the logistic data; and (iv) emergency takeover system, acting as a contingency system for emergency intervention to provide even more safety redundancy.

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Application Scenarios

Our autonomous logistics truck solution is designed to address pain points and challenges of various application scenarios, such as the below:

- *Chemical industrial parks.* Chemical industrial parks typically involve the transportation of heavy metal products, hazardous liquids, raw materials and energy materials, while the working environment is often filled with potentially explosive dust, high heat and radiation. Our autonomous trucks can liberate human drivers from these harsh conditions by offering specialized handling capabilities to address the unique challenges of transporting heavy loads and navigating dangerous conditions. Moreover, our solution can operate even when satellite and 5G network is restricted.
- *Logistics and manufacturing hubs.* Our solution can significantly improve operational efficiency. The typical transportation routes of logistics and manufacturing hubs include transfers of goods between different warehouses in a semi-enclosed environment, where other vehicles and pedestrians may be present. Our solution enables reliable and full-process automation, including precise docking, while recognizing complex traffic scenarios such as mixed traffic and pedestrians jaywalking to ensure safety.

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Autonomous heavy-duty logistics truck

We partner closely with industry-leading OEMs to deliver high-quality, driverless, efficient autonomous trucks that can reliably carry out heavy-duty logistics tasks in industrial plants, manufacturing hubs and logistic parks. To fully cater to customer needs, we provide three types of driverless heavy-duty trucks for different working conditions, including tractor-trailer trucks, box trucks and dump trucks.

All of our driverless heavy-duty logistics trucks integrate a series of cutting-edge AI technologies, featuring all-scenario positioning, all-weather and condition fusion perception, comprehensive intelligent planning, high-precision control and V2V communication. We aim to facilitate safe, reliable and efficient heavy-duty logistics operations in any closed industrial scenarios.

- ***All-scenario positioning:*** We utilize multiple heterogeneous sensors such as GNSS, lasers, cameras and IMU, ensuring precise location accuracy (<2cm) and angular precision (<0.1°). Moreover, we apply advanced proprietary mapping and positioning algorithms for tunnels, underground, signal-obscured and other challenging scenarios.
- ***All-weather and condition fusion perception:*** We leverage BEV fusion network to accurately understand the surrounding environment for real-time, 360-degree surround perception that accurately detects the drivable area and various obstacles, while maintaining an effective perception range exceeding 1,000 meters. Our algorithms operate reliably in adverse weather conditions and are vibration-proof to ensure all-time effectiveness of our trucks.
- ***Comprehensive intelligent planning:*** We integrate AI and expert systems to dynamically plan vehicle trajectories based on real-time environmental assessments, enabling adaptive handling of complex environments of the industrial parks, where the driverless logistics task completion efficiency exceeds 99% of that of human-driven operations in certain conditions. In addition, the truck is able to recognize metropolis-like complex traffic scenarios including mixed traffic and pedestrian jaywalking for accident prevention.
- ***High-precision control:*** We utilize proprietary technology combining dedicated neural network and optimal control techniques to precisely manage vehicle dynamics and motion states, ensuring accurate truck movement even during challenging maneuvers such as platform docking, under-crane parking and tunnel or narrow road navigation,

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achieving driverless parking and docking accuracy of under 5cm. Our vehicle control technology also enables efficient cargo loading and unloading, coordinated crane movements and automated customs inspections.

- **V2V communication:** We deploy V2V technology to every driverless truck, allowing them to take coordinated driving actions at locations prone to traffic congestion, thereby improving overall efficiency of the industrial park.

Our autonomous heavy-duty logistics trucks have obtained ISO certifications including ISO 9001, IATF 16949 and CCC, and its software architecture complies with the AUTOSAR standard. Combining fault diagnosis, proactive safety with Automatic Emergency Braking (AEB) and multiple system redundancy via backup units, driverless logistics trucks equipped with our system experienced zero accidents over 100,000 km.

V2X System

V2X (Vehicle-to-Everything) systems utilize on-board units, roadside devices and cloud platforms to enable information exchange between traffic participants and roadside infrastructure. In addition to developing V2X products and solutions, we also integrate V2X technology with our autonomous trucks for enhanced functionalities. For details of our V2X technology, see “— V2X Products and Solutions.”

The V2X system represents a revolutionary technology for driverless logistics trucks, significantly enhancing the intelligence and safety of road transportation. We offer a tailored V2X system specifically designed for autonomous trucks, which not only synchronizes traffic signal information but also facilitates beyond-line-of-sight perceptions. Key functionalities are set forth below:

- **Information sharing:** Data broadcasts within a communication range of up to 800 meters and a latency of less than 30ms.
- **Traffic signal synchronization:** Enables driverless trucks to adjust their speed based on real-time traffic signal information, thereby enhancing traffic efficiency.
- **Beyond-line-of-sight perception:** Supplements trucks’ blind spot information, enabling vehicles to detect potential hazards before they reach line-of-sight and take timely evasive actions accordingly.

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Central Coordination Platform

Our central coordination platform offers similar functionalities as the central coordination platform for our autonomous mining solution while adapting to the specific conditions and tasks for logistics operations in industrial parks.

Emergency Takeover System

Our emergency takeover system utilizes teleoperation station specialized for heavy-duty logistics trucks to provide an additional layer of safety redundancy, where up to ten trucks can be remotely controlled from one teleoperation station. It is designed to ensure seamless transfer of vehicle control from autonomous mode to remote driving mode in the face of complex or unforeseen situations.

Use Cases

Our autonomous logistics truck solution has been delivered in a broad range of scenarios, with the following achievements:

- Reduced energy costs by approximately 50% compared to traditional gasoline-powered trucks.
- Improved production efficiency by approximately 30%.
- Increased operating time by 700 hours per truck per year.
- Reduced accident rate by more than 90%.
- Achieved close to 0% latency rate.
- Realized 24/7 continuous autonomous operation.

Liuzhou Automotive Industrial Park Project

In June 2023, we delivered driverless logistics trucks to Dongfeng Liuzhou Motor Co., Ltd, for performing driverless logistics tasks such as cargo transportation at its main manufacturing hub, with the following achievements:

- Operated for over 5,000 hours and completed over 10,000 logistics tasks as of the Latest Practicable Date.

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- Effectively reduced operational costs and improved production efficiency by 15%.
- Recognized by the PRC Ministry of Transportation as one of the earliest pilot intelligent transportation projects in China.

V2X

Our V2X products and solutions for intelligent transportation integrate advanced perception technologies, sensor fusion algorithms, V2X communication capabilities and traffic optimization algorithms to exchange information between traffic participants (including pedestrians, non-motorized vehicles and connected vehicles) and roadside infrastructure at urban intersections or roads. Our products and solutions not only monitor vehicle speeds, trajectories and traffic conditions but also detect different kinds of traffic events, such as traffic accidents, illegal parking, wrong-way driving, slow-moving vehicles and traffic congestion.

By linking infrastructures within cities, our V2X solutions make intelligent predictions and decisions for both urban and highway traffic. They integrate vehicles, roadside infrastructures and cloud platforms to build robust network computing capabilities, thereby facilitating the advancement of intelligent transportation systems and smart cities. Our solutions enhance road safety and enable coordinated traffic perception, dynamic traffic light timing, traffic flow analysis and congestion alerts.

On-board devices

- *Hardware:* Connected vehicles equipped with OBUs can communicate with RSUs and the other connected vehicles. The communication range of V2I (vehicle-to-infrastructure) and V2V (vehicle-to-vehicle) is over 800 meters with a latency of less than 30ms.
- *Software:* The V2X software utilizes advanced communication technology and decision-making algorithms to promote interactions between connected vehicles and infrastructures, as well as between drivers and vehicles, to improve road safety, traffic efficiency and reduce environmental pollution.
- *Algorithms:* In addition to standard V2X scenarios, our algorithms can also collaborate with roadside systems to realize customized vehicle-infrastructure coordination in various application scenarios such as smart cities, smart highways and smart mining zones.

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Roadside devices

- *Hardware:*
 - o *RSUs (Roadside Units):* Equipped with C-V2X (cellular vehicle-to-everything) wireless technology, RSUs can communicate with OBUs or the cloud platform. RSUs can process data, communicate with vehicles and integrate sensors, making it useful in various scenarios such as intelligent transportation, mining, ports and logistics, among others.
 - o *MEC (Multi-access edge computing):* In an MEC, multi-sensor fusion technology can be utilized to enable obstacle detection, traffic event detection, traffic information detection, traffic flow monitoring and other related tasks.
- *Algorithms:* Algorithms are deployed in MEC devices to collect data from RSUs and shared in real-time to connected vehicles with OBUs or our V2X APP to enable real-time traffic participant detection, traffic flow monitoring, incident detection and weather monitoring, among others, enhancing overall traffic system safety and efficiency. These algorithms can assist in scenarios such as hazardous location warning (HLW), vulnerable road user collision warning (VRUCW), wrong-way driving warning (WDW), cooperative intersection passing (CIP) and cooperative vehicle merging (CVM).

Cloud platform

Our cloud control platform integrates diverse traffic management systems to offer real-time decision-making support for autonomous vehicles and traffic management authorities. It facilitates digitalized infrastructure management, enhancing safety, maintenance and operational efficiency while supporting detailed traffic analysis for optimized decision-making in traffic planning and law enforcement.

Application Scenarios

V2X + Smart City

Our V2X + Smart City solution aims to create intelligent infrastructure for smart cities, integrating advanced technologies to enable real-time, accurate and efficient monitoring of road traffic conditions, especially at complex intersections. This system enhances urban intelligence by providing expanded perception capabilities for intelligent connected vehicles in sensing, planning, decision-making and control processes. It also offers precise data support for cloud-based regional coordination, thereby elevating city management intelligence and improving traffic safety and efficiency.

BUSINESS

Our solution aims to reduce traffic violations and improve driving efficiency by providing drivers with comprehensive traffic information that enables them to adjust driving behavior and make proper driving decisions. In addition, our driving assistance system sends warnings to drivers before accidents occur, reducing accident rate and asset loss. This solution supports over 20 application scenarios, including holographic intersections, leveraging radar, traffic cameras, high-precision maps, AI algorithms, powerful chips and edge computing to generate precise, real-time metadata such as vehicle spatial-temporal positions, violation captures, vehicle trajectories and signal statuses. These data foundations enable refined intersection management, aiding traffic authorities in comprehensively understanding intersection operations for scientific traffic organization and optimization.

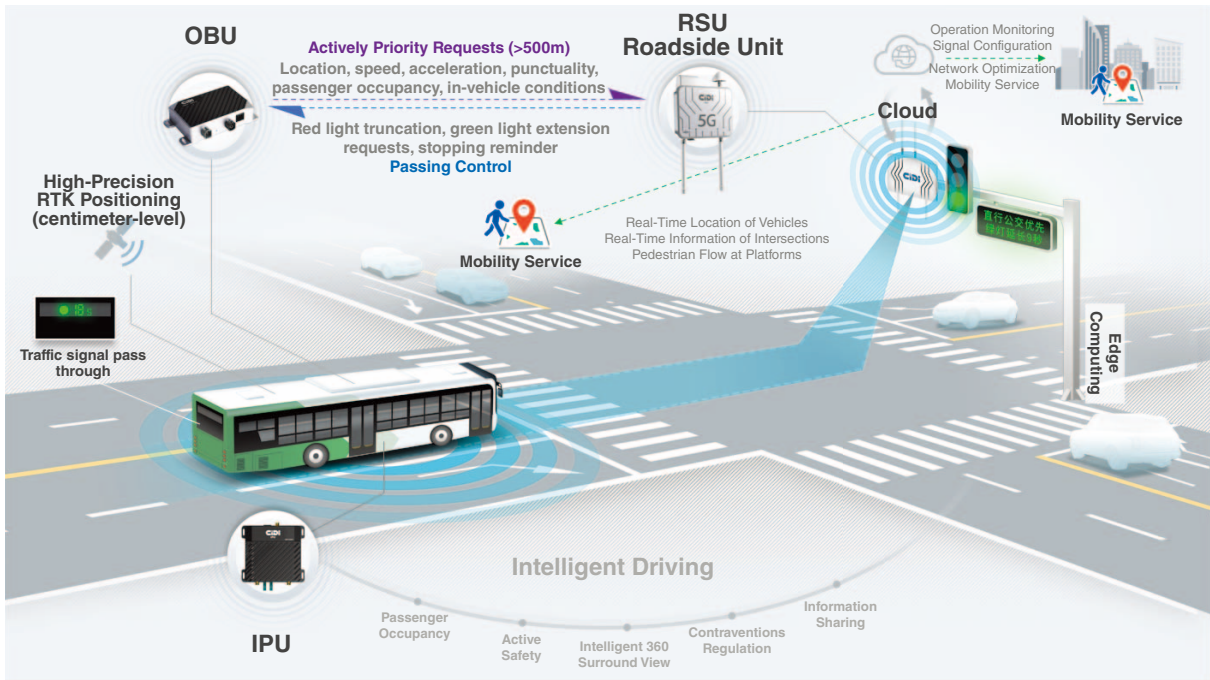
Use Cases

V2X + Active Transit Signal Priority (TSP)

We developed the V2X + Active TSP system to increase bus punctuality, reduce passenger commute times, alleviate peak-hour congestion, promote public transit usage, reduce reliance on private vehicles and promote energy conservation and emissions reduction.

Addressing issues of inefficiency and delays at urban crossroads for buses, the solution utilizes traffic light information, bus locations and traffic conditions to predict vehicle path conflicts, deploy deep learning strategies in C-V2X intelligent roadside systems, assess risks and calculate optimal passage windows for priority buses while maintaining normal traffic flow. Real-time adjustments are made to signal control systems to extend green light times and reduce red light times, enhancing commuter bus efficiency and punctuality.

BUSINESS



Our V2X + Active TSP solution has been deployed in numerous scenarios, with the following achievements:

- Improved public transport efficiency by about 10% and increased public transport ridership; estimated to reduce millions of private car usage annually, reducing energy consumptions and emissions.
- Improved the punctuality of buses by approximately 50%.
- Increased average speed of buses by approximately 13%.
- Reduced travel time; it is estimated that public transport companies can generate millions of RMB in revenue annually by encouraging passengers to choose public transportation.

For example, in 2020, we implemented our proprietary “Active Bus Priority” system based on 5G and V2X technology in Changsha, encompassing 139 intersections, 72 public transport lines and 2,072 buses, the world’s largest TSP system at the time, according to CIC. This system was promoted nationwide and can significantly reduce bus delay and enhance passengers’ travel experience. In 2019, we optimized the V2X system of a 7.8km open road in Changsha and delivered two driverless buses for operation. Our “Active Bus Priority” system won the first prize of the China Highway & Transportation Society’s Science & Technology Award in 2023.

BUSINESS

National-level V2X pilot zones

We facilitated the establishment of one of the largest national-level V2X pilot zones for Liangjing New Area, Chongqing, featuring holographic intersections. Our V2X technology enabled vehicle-road coordination, smart city management, city patrol and security and remote driving, constructing the fourth national-level V2X pilot zone in China and the first carbon-neutral V2X pilot zone in western China with 3D intelligent transportation scenarios, according to CIC.

Moreover, we participated in the intelligent reformation and networking of almost 100 city intersections in a national-level V2X pilot zone in Tianjin by providing equipment encompassing V2X communication, roadside perception and edge computing, as well as enabling holographic intersection perception.

V2X + Smart Highway

Our V2X + Smart Highway solution aims to upgrade traditional highways into intelligent, digitalized and interconnected systems to intelligently perceive and manage highway operations using multi-dimensional sensing and data fusion. It aims to enhance traffic management capabilities for highways and provide the public with smart, safe, efficient and eco-friendly travel experiences.

Based on multi-source data from roadside sensing, connected vehicles and cloud platforms, the V2X + Smart Highway system enables comprehensive real-time traffic perception on highways including traffic event recognition, environmental perception, participant identification and lane-level navigation with beyond-line-of-sight information enhancing the transportation authority’s capabilities of real-time monitoring and managing highways and improving driving experience. For hazardous highway sections such as entrance/exit ramps and tunnels, our roadside devices enable 20 scenarios such as guiding vehicles at ramps, speed planning and lane-level navigation, empowering operators with intelligent monitoring, emergency response, maintenance, operations and decision-making capabilities.

Use Case

In 2019, we engaged in the intelligent transformation of a 113km section of a highway in Changsha. Installing sensors, networking and intelligent computing devices at key locations on the highway, we enabled regional holographic perception, sending warnings for over 15 active safety or traffic efficiency related scenarios to connected vehicles or non-connected vehicles and facilitated the transportation authority’s real-time monitoring of the highway operation.

BUSINESS

High-Performance Perception

Our high-performance perception solutions include (i) the train autonomous perception system and (ii) in-vehicle intelligent safety management solution for commercial vehicles.

Train autonomous perception system (TAPS)

The rail transit industry has a pressing need for trains to possess active perception capabilities. TAPS is a new generation of active safety system for trains that applies autonomous driving technology for heavy-duty trucks to rail transit scenarios, leveraging fusion perception technology to fully utilize the detection capabilities of LiDAR, cameras and mmWave radars.



TAPS serves as an important supplement to the traditional railway signaling system by providing independent safety redundancy, significantly improving the safety of train operation. When traditional railway signaling systems encounter system problems or failure, TAPS can effectively improve the efficiency of fault recovery. According to CIC, TAPS is the only product in China capable of independent safety perception, realizing autonomous speed measurement, positioning and active obstacle detection capabilities without relying on existing railway signaling systems or additional track-side devices, which significantly reduce overall costs, especially in scenarios with high signaling system costs such as subways.

BUSINESS

Technological advantages

- Industry-leading ultra-long-distance obstacle detection:** Utilizes advanced time-space synchronization and heterogeneous multi-sensor fusion technology to enable accurate and stable detection of any type of obstacles within a range of 500 meters, the longest detection ranges among all competing products with SIL4 certifications in the industry according to CIC.
- High-precision positioning technology:** Operates effectively even in scenarios such as highways and tunnels without GNSS signals. The system achieves sub-second initial positioning, platform positioning error below 0.1 meters and comprehensive track positioning error below 0.3 meters, all of which are industry-leading according to CIC.
- Accurate train speed measuring technology:** Continuously monitors the train’s operating speed in real-time with an error margin below 0.1 km/h, making it one of the most precise measurement systems in the industry according to CIC.

Obstacle Detection

Obstacle size (M)	Maximum perceived distance (M)	
	Any obstacle Centimeter perception	Specific obstacle
3.25 × 2.6 (such as trains)	500	1000
1.5 × 0.4 (pedestrians)	200	500
0.3 × 0.3 (box / falling rocks)	100	250

Train speed measurement: ■ Error < 0.1km/h

Train positioning: ■ Sub-second initial positioning ■ Platform positioning error < 0.1m
 ■ Comprehensive track positioning error < 0.3m

- Robust environmental adaptation:** With strong anti-interference capabilities and perception technology adaptable to deteriorated conditions, TAPS effectively handles various lighting conditions and most rain, snow and fog scenarios.

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- ***Rich product matrix:*** TAPS can meet diverse customer needs. (i) high-performance products with stringent SIL4 functional safety certifications or applications demanding extreme performance and safety, (ii) products that meet SIL2 functional safety certifications for applications with rigorous safety and reliability requirements, and (iii) cost-effective warning systems and assisted driving products for less sophisticated scenarios with a wide market reach.
- ***Industry-leading deployment speed and adaptability:*** Leveraging our high-fidelity rail-specific simulation system and vast autonomous driving data accumulation, and an overall technology architecture that does not rely upon statistical learning methods, eliminates the continuous need for specific scene data. As a result, it only takes two weeks for trains installed with TAPS to achieve full operational readiness since initial launch, the shortest deployment time among comparable products in China, according to CIC. Moreover, TAPS employs a unified technology architecture with high replicability, efficiently adapting to diverse types of train types and scenarios.
- ***One of a few in China with SIL4 certification with comprehensive function and scenario coverage:*** The subsystems and functions of TAPS, including positioning, autonomous speed measurement, obstacle detection, information push, self-diagnostics and fault alarm, emergency brake control and obstacle alarm all meet stringent SIL4 certification requirements of EN50126:2017, EN50128:2011 and EN50129:2018, covering an exceptionally diverse range of lighting, weather and road conditions.

Use Cases

TAPS has been deployed in Shenzhen, Chongqing, Hefei, Changsha, Xi’an, Wuhan and Zhuzhou, covering a variety of railway scenarios such as subways, medium and low-capacity trains and freight trains. Moreover, we were one of the first in the industry to deliver mass-produced, factory-installed autonomous perception products for trains in collaboration with OEMs, according to CIC. The entire process from design to implementation strictly follows industry standards, setting benchmarks in terms of both product performance and quality. TAPS has accumulated millions of kilometers of safe operation, and has proven to meet the stringent requirements of autonomous driving in rail transit.

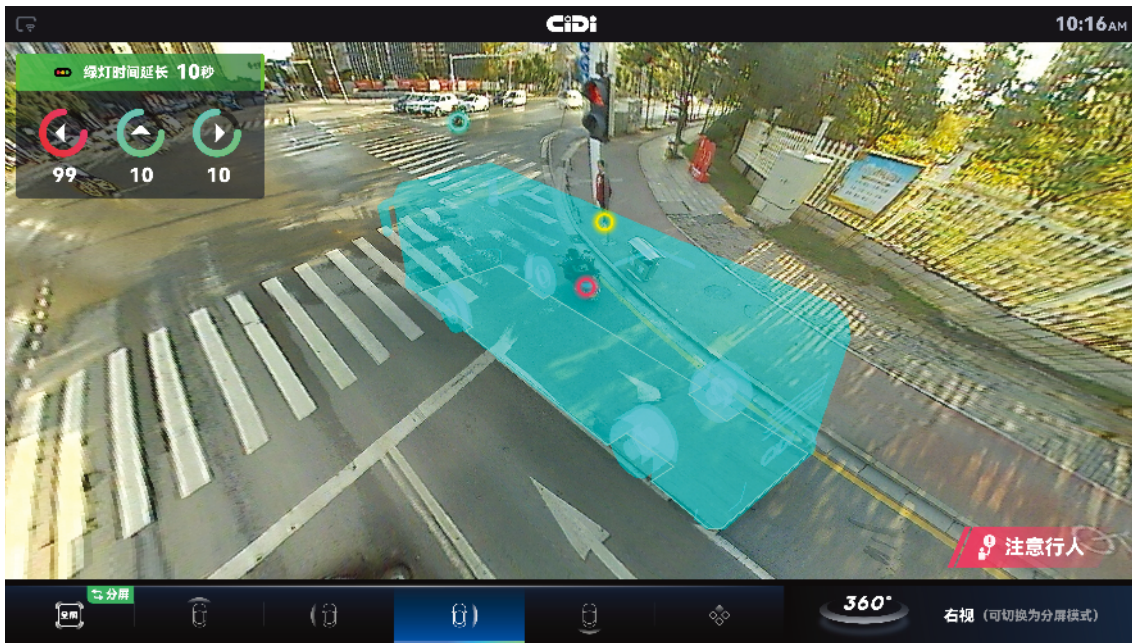
For example, TAPS, which incorporates emergency braking functionality for enhanced safety, operates on the Bishan-Tongliang Line in Chongqing, spanning a total length of 37.5 km, comprising 10.5 km of underground railway track, 16 km of bridges and 11 km of at-grade rail crossing, with nine train stations.

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In-vehicle intelligent safety management solution

Leveraging high-performance intelligent connected devices, our in-vehicle intelligent safety management solution for commercial vehicles reduces driving risks by delivering multi-dimensional visual data through a comprehensive and accurate data analysis platform. Additionally, it offers full-process operation management services to enhance safety management standards.

Our in-vehicle intelligent safety management solution delivers a comprehensive suite of functionalities, including 360-degree surround view, omnidirectional warning system, Driver Monitoring System (DMS) and vehicle recording with automatic desensitization, among others, all within a single device. The system offers 10-100 TOPS of versatile computing power to meet customizable functional requirements. Adapted for a wide range of vehicle types, including passenger vehicles, freight trucks, dump trucks, sanitation vehicles and trains, our solution enhances driver safety and improves security with timely warnings.



Our solution features the following technological advantages:

- ***Comprehensive perception:*** Utilizes deep learning and AI algorithms to interpret and analyze information from sensors to provide drivers with 360° surround view around the vehicle body as well as beneath and inside the vehicle through the creation of a visually transparent chassis and aerial photography-like effects. Tailored for semi-trailer trucks

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and other articulated vehicles, utilizes AI visual algorithms to manage dynamic angle changes between the tractor head and the semi-trailer and enable the dynamic stitching of articulated vehicle surroundings.

- ***Accurate and stable warning system:*** Using motion behavior analysis and false alarm avoidance technologies to track surroundings, traffic participants and it accurately assesses potential threats to driving safety, reduces driver distractions and enhances overall driving experience.
- ***High adaptability:*** Leveraging massive data accumulation and generalization technology guided by large models, it adapts to a variety of vehicle models in diverse scenarios such as urban transportation, logistics transportation, airports, and port and mining areas, and can effectively cope with climatic conditions such as rain, snow, fog and haze.
- ***Data desensitization and transmission:*** By adopting leading data security protection technology and efficient data desensitization algorithms, it enables secure and reliable data transmission, ensuring user privacy and data security.

Our solution is supported by comprehensive data analysis technology which integrates, analyzes and visualizes multidimensional data in real-time, providing differentiated operation and maintenance reports on a regular basis, achieving comprehensive utilization and precise analysis of in-vehicle data. It also facilitates efficient and intelligent full-process operation management and oversight from pre-incident risk avoidance to post-incident response.

Moreover, the rise of new energy vehicles has exacerbated challenges in commercial vehicle safety and related costs. Our products have been selected for mass production by leading commercial vehicle OEMs such as Sinotruk and FAW Jiefang. Leveraging our solution, OEMs can introduce more competitive and differentiated products with enhanced driver visibility, reduced labor intensity, easier insurance procurement and improved vehicle safety, consequently bolstering the OEM’s brand influence.

Our solution also addresses the challenges of high insurance premiums and difficulties in obtaining insurance coverage for commercial vehicles. Capitalizing on the proven capability of our solution in enhancing driving safety, reducing accidents and risk avoidance and management, we aim to mitigate financial losses from liability claims for insurance companies, fostering a mutually beneficial outcome for all stakeholders.

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Commercialization

We adopted a transaction-based model for our products and solutions. We started to commercialize autonomous driving technology for commercial vehicles in 2018, and were one of the earliest among industry peers in China to do so, according to CIC. We began mass production of our V2X products and solutions in 2019 and implemented V2X projects in five out of seven national-level V2X pilot zones in China. We began mass production of our METAMINE and autonomous logistics truck solutions in 2022 and delivered 123 autonomous mining trucks to customers as of September 30, 2024. We began mass production of our TAPS and in-vehicle intelligent safety management solution in 2023 and delivered 80 units and 5,351 units, respectively, to customers as of June 30, 2024.

The following table illustrates the key commercialization timeline of our major products, reflecting our continuous application of advanced technologies:

<u>Specialist Technology Products</u>	<u>Launch</u>	<u>Start of Revenue Generation</u>	<u>Mass Production</u>
V2X products and solutions	March 2018	December 2018	2019
METAMINE	June 2020	September 2021	2022
Autonomous logistics truck solution	February 2021	September 2021	2022
TAPS	March 2022	February 2023	2023
In-vehicle intelligent safety management solution	October 2022	June 2023	2023

Our pre-sales, project implementation and post-sales processes are outlined below.

- ***Pre-Sales Stage.*** We conduct comprehensive market research to understand market trends, the competitive landscape and the needs of potential customers prior to initiating the customer acquisition process. Once a business opportunity is identified, we typically conduct frequent customer visits to formulate a preliminary pre-sales solution tailored to the specific requirements of the customer. The initial proposal, encompassing specific aspects such as target functions, product performance and cost, is then optimized and further customized according to customer feedback.

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- Project Implementation Stage.** Production plans, quality control and logistics are arranged in accordance with the sales agreements we enter into with our customers. We conduct on-site installation and testing of the products and solutions, followed by functionality verification. We provide technical training services to our customers on the use and operation of our products and solutions, and proactively address any additional customer needs.
- Post-Sales Stage.** Upon delivery, a joint inspection with the customer is conducted to verify product quantity and quality. Comprehensive after-sales services, including technical support, system updates and upgrades, routine maintenance and troubleshooting, are provided to ensure smooth operation and customer satisfaction. We collect customer feedback to address any complaints or issues promptly, continuously improving products and services.

We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023, and further from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024.

The table below sets forth our revenue breakdown in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	(Unaudited)									
Autonomous driving	6,803	8.8	27,998	90.2	74,418	56.1	17,536	38.8	156,043	60.4
V2X.	70,582	91.2	3,058	9.8	36,812	27.8	20,846	46.2	74,237	28.7
High-performance perception	—	—	—	—	21,374	16.1	6,758	15.0	28,181	10.9
Total	77,385	100.0	31,056	100.0	132,604	100.0	45,140	100.0	258,461	100.0

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Key Operating Data

The table below sets forth key metrics of our autonomous driving, V2X and high-performance perception products and solutions:

	Year ended December 31,						Six months ended June 30,					
	2021		2022		2023		2024					
	Autonomous driving	V2X	High-performance perception	Autonomous driving	V2X	High-performance perception	Autonomous driving	V2X	High-performance perception	Autonomous driving	V2X	High-performance perception
Number of customers	14	17	—	8	9	—	12	29	8	4	12	9
Number of new customers	14	17	—	5	7	—	9	26	8	4	8	3
Average customer value ⁽¹⁾ (RMB in thousands)	485.9	4,151.9	—	3,499.8	339.8	—	6,201.5	1,269.4	2,671.8	39,010.8	6,186.4	3,131.2

Note:

- (1) Average customer value for a given period is calculated by dividing revenue in that period by the number of customers for the same period.

OUR TECHNOLOGIES

Proprietary Technologies

Key algorithms underpinning our products and solutions

Industry-leading autonomous vehicle planning and control technology

We offer autonomous planning and control systems for heavy-duty vehicles. Our expertise lies in developing a range of autonomous trucks, from high-speed semi-trailer tractors to articulated mining trucks, equipped for automatic steering, acceleration, deceleration and navigation in fixed and uncertain scenarios. Our systems integrate tightly with drive-by-wire setups, utilizing optimized navigation techniques, machine learning algorithms, and dynamics control principles for efficient development and deployment. By employing optimal and predictive control methods alongside machine learning, we ensure adaptivity and robustness, enabling precise, collision-free trajectory control in complex scenarios such as high-speed navigation, large-curvature turns, reverse parking, overtaking and emergency braking. With a focus on vehicle dynamics modeling and optimal control strategies, we excel at deploying complex industrial vehicles in challenging environments.

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Our algorithms accommodate various powertrains and account for terramechanics, power, and transmission factors, delivering robust performance even under actuator degradation, with parking systems realizing lateral and longitudinal accuracies within five centimeters. Our autonomous trucks utilize state-of-the-art multi-modal planning and adaptive optimization algorithms for navigating fixed and non-fixed routes. Our advanced trajectory planning technology ensures high precision and adaptive path adjustments for maneuvers in complex environments and calculates trajectories in real-time to enhance fleet efficiency. Employing game-theoretical and Markov decision process techniques, our planning system predicts traffic behavior and interacts with human-driven vehicles effectively.

Dust, fog and vibration-proof perception systems

Our vehicles feature advanced perception systems, incorporating LiDAR, radar and vision within a connected “sensor matrix,” crucial for high-level autonomous driving, especially in dynamic industrial and commercial settings demanding high reliability and accuracy. As a result, our vehicles consistently operate without drivers, offering a reliable path to commercial vehicle autonomy.

Through years of refining design choices and technical breakthroughs, we incorporate multi-sensor fusion techniques to optimize sensor performance by filtering environmental noise such as rain, fog, dust and lighting. We self-developed object detection technologies that are adaptive to terrain changes, ensuring reliable performance under varying conditions. By executing multiple tasks simultaneously via sensor network algorithms, such as occlusion detection, drivable-area detection, 2D and 3D object detection and grid-based recognition with vision transformers, the system effectively analyzes complex road conditions, even in low visibility.

Advanced multi-agent decision and optimization technology

We developed proprietary multi-vehicle coordination technology for heavy-duty fleets. Our dedicated software system, G-Synthesis, integrates with multiple independent autonomous vehicles to create a cooperative fleet system. Using both distributed V2V methods and centralized coordination, our vehicles work together to achieve collective goals such as queueing, resolving traffic conflicts and preemptively creating ideal traffic arrangements, effectively avoiding traffic congestions or deadlocks, guaranteeing successful autonomous fleet deployment for our customers to enhance operational efficiency.

Our comprehensive multi-agent system encompasses functions such as traffic coordination, agent prediction, dispatching and scheduling, leveraging techniques such as graph-based search, traffic flow analysis and other optimization algorithms. Rigorous testing and validation using advanced computational tools and machine learning methods guarantee the adaptability of our

BUSINESS

traffic coordination mechanisms to new and diverse scenarios. Capable of coordinating up to 1,000 vehicles concurrently, including human-driven ones, our autonomous fleets exhibit exemplary coordination in various complex settings, from orderly queuing at mine workfaces, complex parking scenarios to managing dynamic loading areas and load staggering balancing requirements efficiently.

Integrating connected vehicles with autonomous driving

We integrate full-stack V2X technology with autonomous driving to introduce advanced functionalities, utilizing low-latency direct vehicle communication through DSRC and C-V2X to enhance autonomous vehicle capabilities and fleet operations. V2X technology not only creates independent commercial opportunities but also serves as a foundation for running autonomous vehicle fleets via V2X connectivity, enabling timely coordination and information sharing.

These advanced functionalities encompass V2V platooning, synchronized acceleration and deceleration and V2I systems delivering real-time data to vehicles through roadside perception, enhancing fuel efficiency, safety and operational efficiency at intersections. Leveraging distributed cooperative systems on V2V networks, we implemented V2V platooning for heavy truck fleets at speeds up to 60 km/h, local V2V traffic networks for up to 20 mining trucks and traffic-free signaling for unstructured intersections, demonstrating our dedication to advancing reliable and comprehensive traffic solutions through the fusion of V2X and autonomous driving technologies.

Sophisticated world and vehicle generative virtual environment modeling

Utilizing vehicle perception capabilities, we generate high-fidelity 3D environmental maps for complex terrains such as open-pit mines and GPS-denied areas, fusing sensor data from fleet vehicles to create detailed, real-time maps. These high-fidelity maps inform autonomous fleet operations and aid human decision-making, while also supporting simulations for robustness testing through the integration of synthetic data. Integrated with dispatch and scheduling, these models offer detailed operational transparency, unlocking numerous use cases for our customers.

Our modeling system employs techniques such as dynamic object removal and data cleaning, alongside the ability to aggregate data from diverse sources such as drones, autonomous vehicle sensors and handheld devices. Our model-building algorithms leverage proprietary computational geometry libraries to maximize efficiency, enabling automated boundary updates without human intervention.

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Complete human-to-robot complementary technologies

Our autonomous driving solutions, especially the METAMINE solution, feature subsystems designed to enhance human-robot interactions. For remote-assisted operations and occasional teleoperated takeover, we use ultra-low latency teleoperation station, specifically designed for heavy-duty vehicles and industrial machinery. For dispatch and scheduling, we offer curated data dashboards and analytics for driverless fleet operators. For human-driven vehicles and machinery, we provide integrated dispatch and coordination terminals. These technologies improve overall usability, maintainability and practicality, allowing one remote engineer to manage the operations of a fleet of autonomous vehicles comfortably from a dispatch office. Moreover, the interactive elements of our system designs enhance the user interface and user experience of our products and solutions. Our software is tightly integrated with our driverless fleet, ensuring a seamless experience for human operators, and enabling remote operations such as blast site scheduling, vehicle maintenance and fleet monitoring.

Algorithms and tools for internal development and testing

Simulation

Simulation is essential for designing, validating and verifying our autonomous driving systems. Our entire technology stack can be simulated with internal proprietary tools and development environments, including the use of virtual perception obstacles, decision, planning, positioning, control and vehicle dynamics. We use multi-modal robotics simulation platforms internally to test singular driverless vehicles and fleets of vehicles or for high-fidelity complex traffic simulation.

Our unique simulation platform can test over 300 autonomous vehicle systems operating simultaneously in one common artificial reality. Deploying a commercial autonomous fleet that operates safely and effectively requires simulating not only single vehicles, but also the behavioral interactions between multiple vehicles. This allows us to effectively test high-dimensional AI algorithms, including complex techniques such as multi-agent reinforcement learning and distributed control. Consequently, our autonomous fleets display an industry-leading capacity to solve or even entirely avoid traffic jams or deadlocks, since we fully test these possibilities prior to physical deployment.

Our simulation systems are an integral part of our engineering processes. Distributed simulated robotic vehicles in simulated environments are interconnected in a cloud-based multi-system software-in-the-loop system to validate the cooperative traffic abilities of the driverless software. We also integrate human-driven systems such as virtual human-driven vehicle and dispatch systems in the loop to confirm overall operational requirements in mixed operation

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scenarios. As of July 2024, through providing engineers with automated data analytics and generated reports, we had validated over 1,500 new features or bug fixes through simulation for the METAMINE solution alone.

To optimize computing capacity, we focus efforts on particularly challenging scenarios such as signal-free intersections, multi-vehicle approaches, queuing and overtaking under uncertainty. Such scenarios are often sensitive to changing boundary conditions, with no fixed solutions. To ensure adequate coverage of algorithm designs, we test them by creating hundreds of scenarios using generative methods to validate the system’s performance boundaries.

Robust and maintainable modular hardware deployment tools

To accelerate deployment and provide reliable autonomous driving products, we developed a suite of modular hardware deployment tools. These tools improve project and inventory turnover, increase staff efficiency and enhance customer satisfaction. Our capability is evident in our rapid and successful delivery of some of the world’s most complex driverless mining projects across China.

Our tools include automated sensor calibration tools, drive-by-wire testing tools, production testing tools, data analytics tools, connectivity tools and mapping tools. The deployment cycle for our autonomous trucks takes only 30 days from commissioning to operational readiness, ahead of industry levels, according to CIC. For on-site deployment, our tools and remote software deployment can effectively handle projects such as underground mining and railway perception without engineers being physically present.

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position.

BUSINESS

R&D Team

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Our core R&D team members have an average of more than 15 years of experience in engineering, with domestic or overseas working experience in reputable technology companies. Each of our core R&D team members has their specialized area and the following table sets out their profile:

<u>Core R&D team member</u>	<u>Profile</u>
Dr. MA Wei	A Silicon Valley veteran, our co-founder, vice chairman and chief architect, Dr. Ma, has over 30 years of expertise in robotics, signal processing and automotive industries. He previously held key research positions at National Semiconductor Inc and Texas Instrument Inc in the United States, specializing in autonomous driving applications. He brings profound technical and managerial experience, and is primarily responsible for designing our technology architecture and leading the R&D of new products and technologies at our Company. See “Directors, Supervisors and Senior Management — Directors — Executive Directors.”
Dr. HU Albert Sibó	Our executive Director and chief executive officer who has over ten years of experience in automated systems and artificial intelligence. He oversees our daily operations and is responsible for managing our CidiLabs Research Institute as well as our engineering and quality management department, among other operational units. He is primarily responsible for the R&D of system algorithms and simulation. See “Directors, Supervisors and Senior Management — Directors — Executive Directors.”
Mr. LIU Zhou	Our vice president with 12 years experience in the field of electromechanical engineering. He oversees our autonomous driving department and is the head of our autonomous mining division. His primary responsibilities include the design and development as well as testing and validation of our mining products.

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Core R&D team member

Profile

Dr. SHENG Weitian

Our Supervisor with extensive experience in the field of software engineering and high-performance algorithms. He is the director of our autonomous truck division, primarily responsible for product design and development as well as testing and validation of our autonomous commercial trucks.

Dr. HU Rongdong

Our vice president with approximately ten years of experience in the field of AI. He is the head of our V2X and high-performance perception division, primarily responsible for the design and development as well as testing and validation of high-performance perception and cloud platform products.

As of June 30, 2024, our R&D team consisted of 244 members, over half of which held a postgraduate degree or above. Our R&D team represented 57.3% of total employees as of the same date. Our research and development expenses amounted to RMB111.5 million, RMB110.5 million, RMB90.4 million, RMB41.6 million and RMB35.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in continuing education and training programs to upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us. The salient terms of agreements with management and technical staff are set out below:

- ***Ownership of intellectual properties.*** We hold the intellectual property rights, including patent rights, proprietary technology rights, copyrights and related interests, to any proprietary technology, patented products and other works created or contributed to by the employee as part of their duties during their term of employment.
- ***No conflict.*** Employees shall not engage in any other job, whether full-time or part-time, during their term of employment.
- ***Non-competition.*** We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, employees shall not engage in any competitive behavior specified in the agreements.

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- **Confidentiality.** During the term of employment, except as necessary to perform their duties, and for all time thereafter, employees shall not, without our prior written consent, disclose, divulge, announce, publish, impart, transfer or otherwise make known to any third party, or in any way use any information, such as technical and trade secrets, belonging to us or belonging to any other party for which we have a duty of confidentiality.

To improve our R&D capability at the group level, we have established incentive programs for our R&D employees. We grant cash rewards to employees who materially contribute to our patent applications, trademark registrations or software copyrights.

During the Track Record Period, there was no legal claim or proceeding that may have an influence on the R&D of our Specialist Technology Products.

Key Research Projects

We are currently engaged in various R&D projects to iterate and upgrade our products and solutions, with the following key projects:

Autonomous Driving

- **METAMINE.** We have been conducting R&D to upgrade METAMINE for more intelligent and reliable driverless drilling, blasting, excavation and haulage processes and more integrated functionalities, with plans to launch our upgraded METAMINE solution in 2026.
- **Cableless autonomous mining trucks.** We commenced the R&D of autonomous mining trucks without driver cabins in 2023 for increased cost-effectiveness and flexibility in vehicle design and expect to launch the product in 2025.

V2X

- **Upgraded RSU products.** We commenced the iteration of RSU products in May 2024, conducting preliminary research based on new NR V2X technology, and expect to launch the products by the end of 2025.
- **Upgraded V2X + Active Transit Signal Priority System.** We are conducting R&D to upgrade our V2X + Active Transit Signal Priority system to enable adaptive prioritization of emergency vehicles, with plans to launch the upgraded solution in 2025.

BUSINESS

High-Performance Perception

- **TAPS.** We conducted the R&D of upgraded TAPS in 2024 to enhance the reliability and performance of its sensor-suite, and have launched the upgraded product in October 2024.

Outsourced R&D Arrangements

During the Track Record Period, we engaged independent technology companies specializing in the design and development of embedded hardware products for outsourced R&D arrangements for certain assistive hardware that form parts of our products and solutions. Our outsourced R&D arrangements accounted for 0.7%, 0.8%, 0.5% and 0.6% of our total R&D expenses in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. The major salient terms of our standard outsourced design service agreements are set out below:

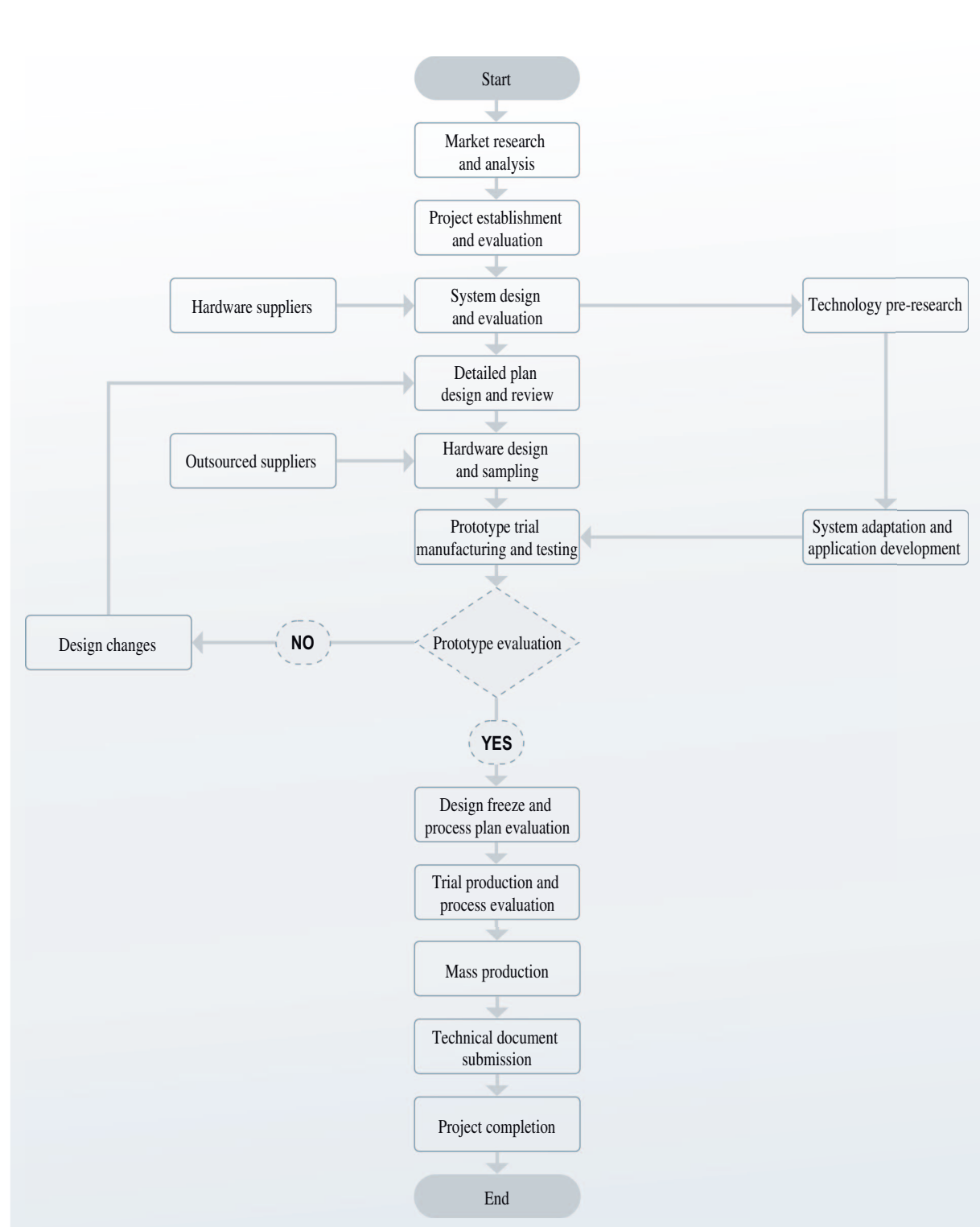
- ***Intellectual Property:*** The final R&D deliverables and associated intellectual property rights arising from the performance of this agreement shall be jointly owned by both parties within mainland China. The technology service providers retain the ownership of the underlying technologies related to the product developed under this agreement, as well as any pre-existing technological achievements and intellectual property. We shall have the right to use these technologies and intellectual properties free of charge for the purposes of the collaborative project.
- ***Confidentiality.*** Either party is responsible for keeping strict confidentiality of all the information provided by the other party, and would be responsible for any breach of confidentiality. The confidentiality clause applies for three years from the termination of the agreement.
- ***Termination.*** The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

R&D Process

We developed a four-step iteration methodology, comprising functional, completeness, optimization and reliability loops, which guides our technology evolution, shaping product decisions, operational processes and organizational structure.

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The following chart illustrates our each step of our product development and iteration process:



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Our product development process is primarily divided into five main stages: (i) product planning; (ii) product design and development; (iii) process design and development; (iv) product and process validation; and (v) feedback evaluation and correction. We conduct a comprehensive analysis of customer needs and technical requirements through requirement gathering and feasibility analysis, which forms the basis for our product design plan. We conduct design failure mode and effects analysis (DFMEA) to enhance the reliability and safety of our products. Upon completion of supplier selection and formulation of the product testing plan, we proceed with prototype production and performance review. During the process design and development stage, we utilize process failure mode and effects analysis (PFMEA) to improve efficiency and process safety, and develop a series of guiding documents to prepare for subsequent trial production. In the product and process validation stage, we conduct trial production and measurement system analysis to confirm whether the product is ready for mass production. We place great emphasis on customer feedback and evaluation to refine our final product.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and knowhow related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid and enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, we had 532 patent applications and 325 registered patents in the PRC, including 135 invention patents, 107 utility patents and 83 design patents. As of the same date, we also had 72 software copyrights and 262 registered trademarks in the PRC. In addition, we had three registered patents and two trademarks overseas as of the Latest Practicable Date.

We acquire patents through self-development. As of the Latest Practicable Date, with respect to our specialist technology products, we self-owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties.

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Our material intellectual property rights cover technical areas including autonomous driving, V2X and high-performance perception. In the opinion of our PRC Legal Advisor, we established a system for the management and protection of intellectual property to cover the material aspects of each of our major Specialist Technology Products as of the Latest Practicable Date. The table below sets forth the key intellectual property rights corresponding to the core technologies applied in our Specialist Technology Products:

Specialist Technology Products	Core Technology	Patent	Functions/ Application Scenario
METAMINE.	A method for autonomous parking	ZL202011223872.6	Autonomous parking for mining trucks
	Methods for vehicle control	ZL202110383026.9	High-precision control of autonomous mining trucks
		ZL202110359496.1	
		ZL202110415982.0	
A method for mixed fleet operation of manned and unmanned vehicles	ZL202010812105.2	Enable mixed fleet operation of driverless mining trucks in collaboration with human-driven vehicles	
	A method for estimating total vehicle mass	ZL201910223240.0	Enable the precise control of driving or braking forces of mining trucks based on payload
Autonomous logistics truck solution.	A method for vehicle control	ZL201910188587.6	Precise vehicle control for driverless logistics operations
	Methods for obstacle avoidance	ZL201811556253.1	Precise obstacle detection and avoidance decisions
		ZL202110381578.6	
ZL201811441511.1			
	A method for generating parking trajectories	ZL202010402570.9	Autonomous parking for logistics trucks
V2X products and solutions.	An algorithm based on C-V2X technology prioritizing public transportation	ZL202111146639.7	Traffic signal priority in different scenarios, including absolute priority, single lane priority and multi-lane priority
		ZL202110222764.5	
		ZL202110222763.0	
		ZL202110222712.8	

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Specialist Technology Products	Core Technology	Patent	Functions/ Application Scenario		
TAPS	Methods for obstacle detection	ZL202310917141.9	Forward perception for trains		
		ZL202310787664.6			
		ZL202110306554.4			
In-vehicle intelligent safety management solution for commercial vehicles. .	A panoramic stitching method for semi-trailers	ZL2023105443537	Train positioning		
		ZL202310464282.X			
		ZL202310464282.X			
In-vehicle intelligent safety management solution for commercial vehicles. .	A panoramic stitching method for semi-trailers	ZL201911289818.9	Panoramic stitching		
		Methods for object detection and model training		ZL201910406367.6	Pedestrian warning and object detection
				ZL201910985902.8	
				ZL202010199855.7	
				ZL202110525549.2	
ZL201911333161.1					

We confirm that all of the above listed patents are significant for carrying out the key functions of our Specialist Technology Products, and no other material patents are directly applied in our Specialist Technology Products.

Our industry consultant, CIC, confirms and our Directors are of the view that based on the information above, each of our products and solutions fall within an acceptable sector of a Specialist Technology Industry, including Electric and Autonomous Vehicles and Advanced Transportation Technology under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules.

Regarding the tenure of our intellectual properties: (i) for patents, according to the Patent Law of the PRC, the validity period of an invention patent is 20 years from the filing date; and (ii) for copyright, according to the Copyright Law of the PRC, except for the rights of authorship, modification and the protection of the integrity of the work, which are not subject to time limitations, the publication right of a legal entity’s software copyright is protected for fifty years, ending on December 31 of the fiftieth year after the completion of the creation. The protection period for other copyrights is fifty years, ending on December 31 of the fiftieth year after the first publication.

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Regarding the payment obligations in relation to our intellectual properties: (i) for issued invention patents, we are mainly required to pay the annual patent fee to competent authorities. We have kept track of the payment requirements for annual fees and made payment accordingly. Up to the Latest Practicable Date, all the due annual fees for the issued patents are paid and the issued patents are valid according to our PRC Legal Advisor; and (ii) for pending patents, we are mainly required to pay the application fee, the substantive examination fee and the re-examination fee, depending on the examination progress, and we made the payment as required by the competent authorities as of the Latest Practicable Date. As the intellectual properties for each of our Specialist Technology Products are all self-developed, and have not been licensed or transferred from third parties, so there are no corresponding license or transfer fees that we are obligated to pay.

The term of an individual patent may vary based on the countries/regions in which it is granted. In China, the term of an issued patent for invention is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of designing the same. See “Risk Factors — Risks Relating to Our Intellectual Property Rights — We may not be able to obtain or maintain adequate intellectual property rights protection for our product and solution, or the scope of such intellectual property rights protection may not be sufficiently broad.”

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, advisers and contractors. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we use to employ our employees, contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee’s work.

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These agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secret and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information. See “Risk Factors — Risks Relating to Our Intellectual Property Rights — We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.”

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See “Risk Factors — Risks Relating to Our General Operations — Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.”

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of infringement of third parties’ intellectual property rights. For details, see “Appendix VII — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights.” For risks related to intellectual property rights, see “Risk Factors — Risks Relating to Our Intellectual Property Rights.”

COMPETITION

China’s commercial vehicle autonomous driving market is relatively fragmented. We primarily compete with existing companies and new entrants in the autonomous mining, V2X and high-performance perception sectors. Although we believe that we have market-leading technology, we may face competition from a range of companies which may possess more resources and skills in design, development, manufacturing and sales. See “Risk Factors — Risks Relating to Our General Operations — The industries that we operate in are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.”

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According to CIC, we were the second largest commercial vehicle autonomous driving technology company in China in terms of revenue in the six months ended June 30, 2024. We believe that we are strategically well-positioned in our market, and we compete favorably with others based on our comprehensive technological prowess, advanced full-stack in-house R&D capabilities, strong ecosystem partnerships and commercialization capabilities to attract and retain customers and expand our market share.

Market Opportunity and Competition

China’s commercial vehicle autonomous driving market was relatively fragmented as of June 30, 2024, with many players still in the stages of exploring technological breakthroughs and accumulating data. Some leading companies are actively expanding into various application scenarios to achieve large-scale commercialization. According to CIC, we were the second largest commercial vehicle autonomous driving company in China in terms of revenue in the six months ended June 30, 2024. Notably, we were the only company among the top five market players to cover all three major scenarios and the only one focusing on product sales. Additionally, we were one of the earliest companies to achieve commercialization in China’s commercial vehicle autonomous driving market.

Competitive landscape of China’s commercial vehicle autonomous driving market, 2024H1

Company	Scenarios			Business model		First year of deployment	Revenue from commercial vehicle autonomous driving, RMB million	Market share, %
	Urban roads	Intercity roads	Closed environments	Product sale	Fleet operation			
Company A	✓		✓	●	◐	2018	~250	12.9%
CiDi	✓	✓	✓	●	○	2018	~160	8.2%
Company B			✓	●	◐	2019	~140	7.5%
Company C		✓		◐	●	2022	~140	7.4%
Company D		✓		○	●	2021	~130	6.7%

Notes: ● represents a higher revenue share, ○ represents a lower revenue share

- (1) Company A is an autonomous driving company headquartered in China and founded in 2015. It primarily provides driving automation solutions on sweepers and taxis. It is an unlisted company.
- (2) Company B is an autonomous driving company headquartered in China and founded in 2014. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.
- (3) Company C is an autonomous driving company headquartered in China and founded in 2018. It primarily provides driving automation solutions on logistics trucks. It is an unlisted company.

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- (4) Company D is an autonomous driving company headquartered in China and founded in 2016. It primarily provides driving automation solutions on logistics trucks and taxi. It is an unlisted company.

The technology of market players who initially focused on autonomous driving passenger vehicles is more suited to urban roads. It would be challenging for them to enter the commercial vehicle autonomous driving market due to the differences in the sensory range and precision requirements of hardware devices such as sensors, cameras and LiDARs for intercity roads and closed environments, and their insufficient knowledge and understanding of these scenarios.

According to CIC, China’s autonomous mining market is highly concentrated, with the top four players accounting for a total market share of 89.9% in terms of revenues from autonomous mining in the six months ended June 30, 2024, while the market share of each remaining player is below 5%. We were the largest autonomous mining technology company in China in terms of revenue in the six months ended June 30, 2024 and the only one focusing on product sales among the top four players. China’s autonomous mining market is expected to reach RMB1.0 billion in 2024, while our market share is expected to reach approximately 23%.

Competitive landscape of China’s autonomous mining market, 2024H1

Company	Business model		Revenue from autonomous mining, RMB million	Market share, %
	Product sales	Fleet operation		
CiDi	●	○	~150	36.5%
Company B	◐	◑	~140	34.3%
Company E	◑	◐	~50	12.0%
Company F	○	●	~30	7.2%

Notes: ● represents high revenue proportion, ○ represents low revenue proportion

- (1) Company E is an autonomous driving company headquartered in China and founded in 2018. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.
- (2) Company F is an autonomous driving company headquartered in China and founded in 2016. It primarily provides driving automation solutions on mining trucks. It is an unlisted company.

DATA SECURITY AND PRIVACY

We consider data security and protection crucial to our operations. We established a comprehensive set of policies and procedures to guide and regulate our data security management. By adhering to internal control measures, efficiency prioritization, full participation and closed-loop management, we aim to meet our own data security needs, and comply with laws,

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regulations and contractual obligations. Our data protection strategies cover organizational security, human resources, asset management, access control, encryption and key management, physical and environmental security, operational security, communication security, information system development and maintenance, supplier relationship security, business continuity and compliance management. For certain key activities, we engage professional service providers to supervise us and ensure our compliance with data security and privacy laws.

We cooperate with a service provider with surveying and mapping qualifications, who would provide solutions for the transmission, storage, use, and other processing activities of the geospatial data in order to meet our business needs and to ensure compliance with relevant laws and regulations.

Our products collect data necessary for project operation and transmits it to a cloud platform for processing. Such data includes, but is not limited to, personal information of the end-users of the products. All cloud platforms developed and delivered for our projects are locally deployed on the customer’s own server. We may remotely access and process data on the cloud platforms for operation and maintenance purposes based on customer authorization. We do not collect or store any data from the cloud platforms.

We established an information security management committee at the senior management level as the highest authority to ensure our information security management system aligns with mainstream information security standards. Our IT asset management department provides resources and technical support for data security. At departmental level, we set up an information security task force to ensure proper identification and classification of data assets, as well as departmental-level data security audits and internal controls.

As advised by our PRC legal adviser as to data security laws, during the Track Record Period and up to the Latest Practicable Date, we have complied with the currently effective and applicable PRC laws on cybersecurity and data security in all material respects.

SALES AND MARKETING

We adopt a direct sales model. Our sales efforts are centered on the needs of our customers. As of June 30, 2024, our sales team consisted of 33 employees with extensive industry experience and in-depth expertise of our products and solutions. We have established sales offices in major cities in mainland China, including Changsha, Chongqing and Chengdu.

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Pricing

We price our products and solutions considering a variety of factors. We implement diverse pricing strategies for each of our products and solutions, tailored to various types of customers, application scenarios and strategic considerations for our future business growth. We primarily consider the functionalities of the products or solutions offered, the quantity, type and complexity of the hardware, software provided and technologies provided or used, procurement costs and value created for our customers when determining the prices. We also take into consideration the overall market conditions and competitive landscape.

Marketing

Our marketing department is responsible for enhancing our brand awareness and promoting our new and existing products and solutions. As we build a global brand associated with technology-driven innovation, we employed a comprehensive marketing and branding strategy by utilizing various channels to highlight the technical advancements and advantages of our products and solutions and reach potential customers. This includes participating in exhibitions and offline events to directly interact with target customers and gather market feedback, leveraging online marketing strategies such as showcasing our technology and success cases on our website, social media engagement to attract potential clients and publishing articles about technological innovations in our industries, and fostering partnerships with key industry players to jointly promote our products and solutions. As a supplement to our own sales and marketing efforts, we sometimes engage third parties for business development services to assist us in expanding market reach and acquiring customers as we are still in the early stages of commercialization.

CUSTOMERS

Autonomous Driving

We primarily supply our autonomous driving products to mining companies and their general contractors and subcontractors, as well as commercial vehicle manufacturers for road freight. During the Track Record Period, we offered these products through three main approaches: (i) the full-stack autonomous mining solution that includes our driverless mining trucks and other subsystems; (ii) the autonomous truck system and the central coordination platform; and (iii) standalone sales of the central coordination platform.

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The salient terms of our standard sales agreements for the autonomous driving products and solutions during the Track Record Period are set out below:

- ***Product and solution specifications.*** Our customers typically set forth specific product and solution specification requirements for products and solutions ordered, such as name, model, configuration and features.
- ***Payment.*** We accept various payment options to facilitate sales of our products and solutions. Customers are typically required to make advance payments and make progress payments as stipulated in the agreements. Our customers are typically entitled to retain 10% of the total contract value as retention fee, which will be paid to us at the end of the warranty period or as otherwise agreed in the agreements. We may enter into finance leasing agreements with financial leasing companies and our customers who need financing for their purchase. Under the finance leasing arrangement, the financial leasing companies are obligated to make payments when the customers accept our products and solutions and issue the notice of payment.
- ***Delivery and transfer of risks.*** We are generally responsible for delivering the products to locations designated by the customers in accordance with the delivery schedule specified in the agreement. The risks transfer to customers after they confirm acceptance of our products.
- ***Acceptance.*** The acceptance procedures for hardware and software products are conducted separately. We are obligated to replace or repair when the product specifications do not meet contractual agreements. The acceptance outcomes of hardware products and software products shall be considered independently and shall not influence each other.
- ***Warranty.*** We provide different warranty periods for our hardware products based on product type, and a life-long warranty period for the software products within its lifecycle. During the warranty period, we are responsible for the product repair and replacement.

V2X Products and Solutions

Our V2X products and solutions are primarily used by the general contractors of national-level V2X pilot zones and various demonstration areas, research institutes focused on V2X technologies and commercial vehicle manufacturers. We provide hardware products driven by

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our proprietary algorithms and deployed on vehicles and roadside, along with our cloud platform that integrates diverse traffic management systems, forming a comprehensive solution for intelligent transportation.

The salient terms of our standard sales agreements for the V2X products and solutions during the Track Record Period are set out below:

- ***Product and solution specifications.*** Our customers typically set forth specific product and solution specification requirements for products and solutions ordered, such as name, model, configuration and features.
- ***Ownership of data assets.*** All data involved in the underlying project of the agreement is owned by the customer or the project owner. Without consent of the users, we shall not transmit any personal private information or sensitive information to third parties.
- ***Payment.*** Customers are typically required to make advance payments as stipulated in the agreements and make progress payments upon achieving certain major milestones of the project. Our customers are typically entitled to retain 3% of the total contract value as retention fee, which will be paid to us at the end of the warranty period.
- ***Delivery and transfer of risks.*** We are generally responsible for delivering the products to locations designated by the customers in accordance with the delivery schedule specified in the agreement. The risks transfer to customers after they confirm acceptance of our products.
- ***Acceptance.*** Our products are inspected upon delivery. Customers have the right to reject our products under specific circumstances, such as discovering quality issues during the initial inspection that render the products unusable, or if the product specifications do not meet contractual agreements. Initial acceptance is conducted after our products and solutions are commissioned and commence operation. There typically is a pilot phase ranging from 30 to 60 days before final acceptance. The acceptance of our products and solutions may be subject to project owners' acceptance of the complete project delivered by our customers.
- ***Warranty.*** We typically provide a two to three-year warranty period for our products and solutions based on the type of product and solution provided. During the warranty period, we are obligated to repair or replace our products free of charge for any product quality issue, except for product damage caused by the customers' improper operation.

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- **Confidentiality.** All confidential information provided by either party shall not be disclosed to any third party without prior written consent.
- **Intellectual property rights.** Based on project requirements, we may be required to develop certain software products as part of the solutions provided. The intellectual property rights and trade secrets arise from the underlying project of the agreement belong to the project owner.

High-Performance Perception

Our high-performance perception solutions are primarily utilized by commercial vehicle manufacturers and mining equipment companies, as well as public transport operators, such as rail transit companies. We generally design, manufacture and provide customized hardware products in accordance with the technical specifications.

The salient terms of our standard sales agreements for the high-performance perception solutions during the Track Record Period are set out below:

- **Product specifications.** Our customers typically set forth the product type, specific technical specification requirements and functions expected to be achieved.
- **Delivery and transfer of risks.** We are generally responsible for delivering the products to locations designated by the customers in accordance with the delivery schedule specified in the agreement. The risks transfer to customers after the products are delivered to the customers' assembly lines.
- **Warranty.** We typically provide a one-year warranty period for our products provided. During the warranty period, we are obligated to repair or replace our products free of charge for any product quality issue, except for product damage caused by the customers' improper operation.
- **Confidentiality.** All confidential information provided by the customers shall not be disclosed to any third party without prior written consent.
- **Intellectual property rights.** The intellectual property rights arising from the underlying project of the agreement are jointly held by us and our customers.

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Finance Lease Arrangements

We sometimes may partner with financial leasing companies to offer alternative financing solutions to customers who require assistance with their capital needs. Our selection of financial leasing partners is based on several criteria, including: (i) their experience with lease transactions in our industry, (ii) their licenses and qualifications, (iii) the terms they provide to our customers and (iv) their ability to offer timely financial support. During the Track Record Period, we entered into such arrangements for customers of our METAMINE solution. The financial leasing companies we partnered with were all independent third parties.

Under the standard finance lease arrangement entered into by our financial leasing partner, our customer and us, the financial leasing company retains legal ownership of the product or solution until the customer fully repays the loan, and in certain circumstances we serve as the guarantor for the debt by offering a guarantee to the leasing company. Such arrangement is consistent with common industry practice, according to CIC.

The salient terms of such finance lease arrangement are set forth as follows:

- ***Financial leasing company’s obligations.*** The financial leasing company pays us in full for the products and solutions selected by our customer, with the sole purpose of leasing these products and solutions to the customer according to terms specified in the financial leasing agreement between the financial leasing company and our customer.
- ***End user’s obligations.*** As the end user, our customer is responsible for securing the necessary qualifications to use our products and solutions, inspect and accept our products and solutions.
- ***Ownership.*** Financial leasing company generally acquires the ownership of our products and solutions once it makes the payment to us or when the lease starts, until our customer fully repays the loan.
- ***Guaranty.*** In certain circumstances where we serve as the guarantor, we assume vicarious liability for a portion of outstanding balances owed by our customer to the financial leasing company in the event of defaults.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we recorded financial guarantee contracts liabilities of nil, nil, RMB0.2 million and RMB2.9 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances requiring the fulfillment of guarantee obligations. See “Risk Factors — Risks Relating to Our

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Financial Condition and Need for Additional Capital — We are subject to risks associated with certain finance lease arrangements, which may cause material and adverse effect on our financial condition and operational results.”

Major Customers

Our major customers include commercial vehicle manufacturers, construction and energy companies, providers of autonomous driving and V2X technologies and providers of transportation services. Revenue generated from our largest customer for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 82.9%, 78.4%, 31.2% and 58.9%, respectively, of our revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 89.2%, 96.7%, 64.1% and 97.5%, respectively, of our revenue during those periods.

For the year ended December 31, 2021

Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer A	V2X	A government authorized committee in Hunan responsible for the municipal-level economic and social management and certain provincial-level economic management.	64,181	82.9	2020	Advance receipt
Customer B	V2X	Founded in 1989 and registered in Hunan, Customer B primarily provides public bus transportation services.	1,734	2.2	2021	7 to 10 days
Customer C	Autonomous logistics trucks	Founded in 1995, registered in Shenzhen, and listed on both the Hong Kong Stock Exchange and Shenzhen Stock Exchange, Customer C primarily engages in the manufacturing of automobiles, rechargeable batteries and new energy solutions.	1,221	1.6	2021	60 days

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Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer D	V2X	Founded in 2019 and registered in Liaoning, Customer D primarily engages in the research and development of V2X communication technologies.	1,177	1.5	2021	7 days
Customer E	Autonomous logistics trucks	Founded in 2007, registered in Fujian and listed on the Shanghai Stock Exchange, Customer E primarily engages in the manufacturing of environmental sanitation equipment and the provision of urban environmental services.	792	1.0	2020	7 to 10 days

For the year ended December 31, 2022

Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer F	Full-stack autonomous mining solution	Founded in 1993 and registered in Jiangsu, Customer F primarily engages in the production of cement and cement products, as well as the operation of port facilities for cargo handling and storage.	24,342	78.4	2020	30 days
Customer G	Full-stack autonomous mining solution	Founded in 2019 and registered in Hunan, Customer G primarily engages in the development and production of advanced materials and technologies for various industrial applications.	2,750	8.9	2021	7 to 15 days

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Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer H	V2X	Founded in 2013 and registered in Beijing, Customer H primarily engages in the design, research and system integration of embedded computing solutions.	1,496	4.8	2020	Advance receipt
Customer I	V2X	Founded in 2019 and registered in Hunan, Customer I primarily engages in the development and application of intelligent driving technologies and solutions.	1,032	3.3	2020	10 to 30 days
Customer J	Autonomous logistics trucks	Founded in 2022 and registered in Shanghai, Customer J primarily engages in the development and provision of intelligent sanitation solutions and services.	404	1.3	2022	5 days

For the year ended December 31, 2023

Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer K	Full-stack autonomous mining solution	Founded in 2020 and registered in Hubei, Customer K primarily engages in the research, development and production of new energy technologies for buses and commercial vehicles.	41,382	31.2	2023	80 to 180 days
Customer L	V2X	Founded in 2005 and registered in Beijing, Customer L primarily engages in the development and provision of location-based services and intelligent transportation solutions.	15,052	11.4	2022	7 to 30 days

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Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer M	Intelligent perception solutions for commercial vehicles	Founded in 2009 and registered in Shandong, Customer M primarily engages in the manufacturing of a wide range of industrial equipment.	11,691	8.8	2021	120 days
Customer C	Autonomous perception systems for rail transit	Please see above.	8,541	6.4	2021	30 days
Customer N	V2X	Founded in 2010 and registered in Jiangsu, Customer N primarily engages in the development and provision of comprehensive IoT solutions along with supporting software and hardware.	8,373	6.3	2019	7 days

For the six months ended June 30, 2024

Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer O	Full-stack autonomous mining solution	Founded in 2021 and registered in Anhui, Customer O primarily provides engineering technical services.	152,299	58.9	2023	Advance receipt
Customer P	V2X	Founded in 2019 and registered in Chongqing, Customer P primarily engages in investment, property management, real estate development and property leasing.	60,133	23.3	2020	14 days

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Customer	Products/solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer M.	Autonomous logistics trucks, full-stack autonomous mining solution and intelligent perception solutions for commercial vehicles	Please see above.	25,703	9.9	2021	30 to 120 days
Customer Q.	V2X	An engineering-centered multidisciplinary university.	8,718	3.4	2023	30 days
Customer R.	Autonomous perception systems for rail transit	Founded in 2014 and registered in Beijing, Customer R primarily provides comprehensive digital city solutions, focusing on the design, development and integration of intelligent transportation systems and urban infrastructure.	5,266	2.0	2023	30 days

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest clients.

SUPPLIERS

We typically engage reputable suppliers to ensure the quality of our products. The factors that may affect our selection mainly include technological expertise, product quality, qualifications and credentials, market reputation and price. We usually select suppliers who have demonstrated a track record of stable supply and profitability.

In addition to vetting new suppliers, we also conduct yearly evaluations of existing suppliers and require suppliers to promptly address any issues discovered during such evaluations. We provide guidance to suppliers when necessary and may terminate suppliers who continuously fail to meet our standards.

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Raw Materials and Components

We engage third-party suppliers for key components and materials for our products and solutions including semiconductor chips, radar, LiDAR, and cameras and other components and materials. During the Track Record Period, we were not subject to shortages in the supply of raw materials from our major suppliers.

We typically enter into supply agreements with suppliers, the salient terms of which are set out below:

- ***Product specifications.*** The product name, specification, price, quantity, delivery timeline and other detailed items are specified in the agreements.
- ***Payment and delivery.*** We are responsible for timely payment to suppliers, who are responsible for delivery of products to our designated location specified in the agreements.
- ***Quality control.*** Suppliers shall ensure that the products provided are brand new and unused products. The quality requirements must meet national, industry and mutually agreed standards. Upon delivery, a quality assurance certificate recognized by us shall be provided. We have the right to reject and return any products that do not meet our requirements, at the expense of suppliers, or to request free product replacement or maintenance.
- ***Transfer of risk.*** The risk transfers to us after delivery.

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- **Quality Guarantee.** Suppliers offer varying warranty periods based on the product type. During the warranty period, suppliers are responsible for after-sales maintenance costs. Suppliers must replace the products free of charge if they encounter two major quality issues or if any components are damaged due to quality problems. We reserve the right to return the product if suppliers fail to address issues promptly and lead to serious consequences.
- **Confidentiality.** All confidential information provided by either party shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without prior written consent.
- **Termination.** The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

Major Suppliers

Our major suppliers include technology and machinery companies, as well as construction companies for the construction of our offices, buildings, facilities and equipment during the Track Record Period. Charges from our largest supplier for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 37.4%, 13.7%, 30.7% and 65.8%, respectively, of our total purchase amount during those periods. Charges from our five largest suppliers for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 accounted for 54.9%, 43.8%, 46.1% and 79.3%, respectively, of our total purchase amount during those periods.

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For the year ended December 31, 2021

Supplier	Products/services purchased	Supplier background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit terms
Supplier A	Construction services	Founded in 1987 and registered in Hunan, Supplier A primarily engages in the construction of large-scale infrastructure projects.	131,338	37.4	2021	14 days
Supplier B	Construction services	Founded in 2019 and registered in Hunan, Supplier B primarily provides general contracting services to various infrastructure projects.	35,416	10.1	2020	15 to 30 days
Supplier C	Construction services	Founded in 1989 and registered in Jiangsu, Supplier C primarily engages in the design, construction and installation of building decorations and intelligent building engineering projects.	11,345	3.2	2021	7 to 15 days
Supplier D	Project supervision service	Founded in 2006 and registered in Hunan, Supplier D primarily provides a wide range of services, such as engineering technical services and the sales of construction materials, as well as licensed activities including construction engineering, project supervision and real estate development.	7,712	2.2	2020	10 days
Supplier E	Rent and utility	Founded in 2016 and registered in Hunan, Supplier E primarily engages in real estate development and operation, property management and leasing.	6,847	2.0	2018	Prepaid

BUSINESS

For the year ended December 31, 2022

<u>Supplier</u>	<u>Products/services purchased</u>	<u>Supplier background</u>	<u>Purchase amount (RMB'000)</u>	<u>% of total purchase amount</u>	<u>Year of commencing business relationship</u>	<u>Typical credit terms</u>
Supplier A	Construction services	Please see above.	34,283	13.7	2021	14 days
Supplier C	Construction services	Please see above.	31,591	12.6	2021	7 to 15 days
Supplier F	Drive-by-wire controlled mining trucks	Founded in 2004, registered in Liaoning and listed on the Hong Kong Stock Exchange, Supplier F primarily engages in the manufacturing of heavy machinery and equipment for mining and logistics industries.	24,241	9.7	2022	30 days
Supplier G	Construction services	Founded in 2000 and registered in Hunan, Supplier G primarily provides general contracting services for various construction projects.	11,363	4.5	2021	15 days
Supplier H	Construction services	Founded in 2014 and registered in Hunan, Supplier H primarily provides general contracting services for various construction projects.	8,340	3.3	2022	7 to 28 days

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For the year ended December 31, 2023

<u>Supplier</u>	<u>Products/services purchased</u>	<u>Supplier background</u>	<u>Purchase amount (RMB'000)</u>	<u>% of total purchase amount</u>	<u>Year of commencing business relationship</u>	<u>Typical credit terms</u>
Supplier I	Drive-by-wire-controlled mining trucks	Founded in 2005, registered in Shaanxi and listed on the Beijing Stock Exchange, Supplier I primarily engages in the manufacturing of off-highway transportation equipment.	66,002	30.7	2021	Prepaid
Supplier J	Drive-by-wire-controlled mining trucks	Founded in 2020 and registered in Henan, Supplier J primarily engages in the research, development, and manufacturing of mining equipment with a focus on new energy mining vehicles.	11,823	5.5	2021	60 days
Supplier A	Construction services	Please see above.	8,491	3.9	2021	14 days
Supplier E	Rent and utility	Please see above.	7,295	3.4	2018	Prepaid
Supplier K	Drive-by-wire-controlled mining trucks	Founded in 2012 and registered in Shandong, Supplier K primarily provides mining equipment, rock drilling equipment, and other special equipment and parts.	5,558	2.6	2022	90 days

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For the six months ended June 30, 2024

Supplier	Products/services purchased	Supplier background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit terms
Supplier K	Drive-by-wire-controlled mining trucks	Please see above.	115,469	65.8	2022	90 days
Supplier L	Sales and marketing service	Founded in 2015 and registered in Anhui, Supplier L primarily engages in civil engineering, construction and consultation services.	10,943	6.2	2024	1 day
Supplier M	Advanced autonomous driving platform and cloud resource	Founded in 2008 and registered in Chongqing, Supplier M primarily provides comprehensive network system integration solutions.	4,890	2.8	2022	30 to 40 days
Supplier N	PCBA, modules, etc.	Founded in 2013 and registered in Beijing, Supplier N primarily engages in the design, research and system integration of embedded computing solutions.	4,249	2.4	2020	Prepaid
Supplier E	Rent and utility	Please see above.	3,720	2.1	2018	Prepaid

Other than the five largest suppliers for each period during the Track Record Period listed above, we also engaged numerous alternative suppliers for our core products and solutions.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Supplier N, one of our five largest suppliers in the six months ended June 30, 2024, was also one of our five largest customers in 2022. Supplier N contributed to nil, 4.8%, 0.1% and nil of our revenue in 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively, and 1.5%, 0.4%, 1.7% and 2.4% of our total purchase amounts in the same periods, respectively. Supplier N primarily engages in the design, research and system integration of embedded computing solutions. We primarily procure PCBA and modules from Supplier N for use in our products and solutions.

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As a separate and independent matter, we sold certain raw materials purchased from other third-party suppliers to Supplier N in 2022. This was due to adjustment to the application and design of certain of our products and solutions in 2022 which resulted in a surplus of raw materials that were no longer best suited for our purposes. Since Supplier N uses these raw materials for its business, we sold these raw materials to Supplier N at a premium to our original purchase price to recover our costs.

Customer C, one of our five largest customers in 2021 and 2023, was also a supplier during the Track Record Period. Customer C contributed to 1.6%, nil, 6.4% and nil of our revenue in 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively, and 0.2%, nil, nil and nil of our purchase amounts in the same periods. Customer C is primarily engaged in the manufacturing of automobiles, rechargeable batteries and new energy solutions. We sold our TAPS to Customer C and conducted the autonomous upgrade of certain vehicles of Customer C during the Track Record Period. As a separate and independent matter, we also procured vehicles from Customer C for our internal R&D and testing purposes.

All of our sales to and purchases from Supplier N and Customer C were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

MANUFACTURING

We engage automotive OEMs for the manufacturing of our vehicles and contract manufacturers for the production of most of our other products and components. We also have self-operated facilities used primarily for the assembly of our V2X devices and teleoperation station, as well as testing, calibration and packaging of certain products. Our factory is located in Changsha and occupies approximately 2,600 square meters of space.

Contract Manufacturers

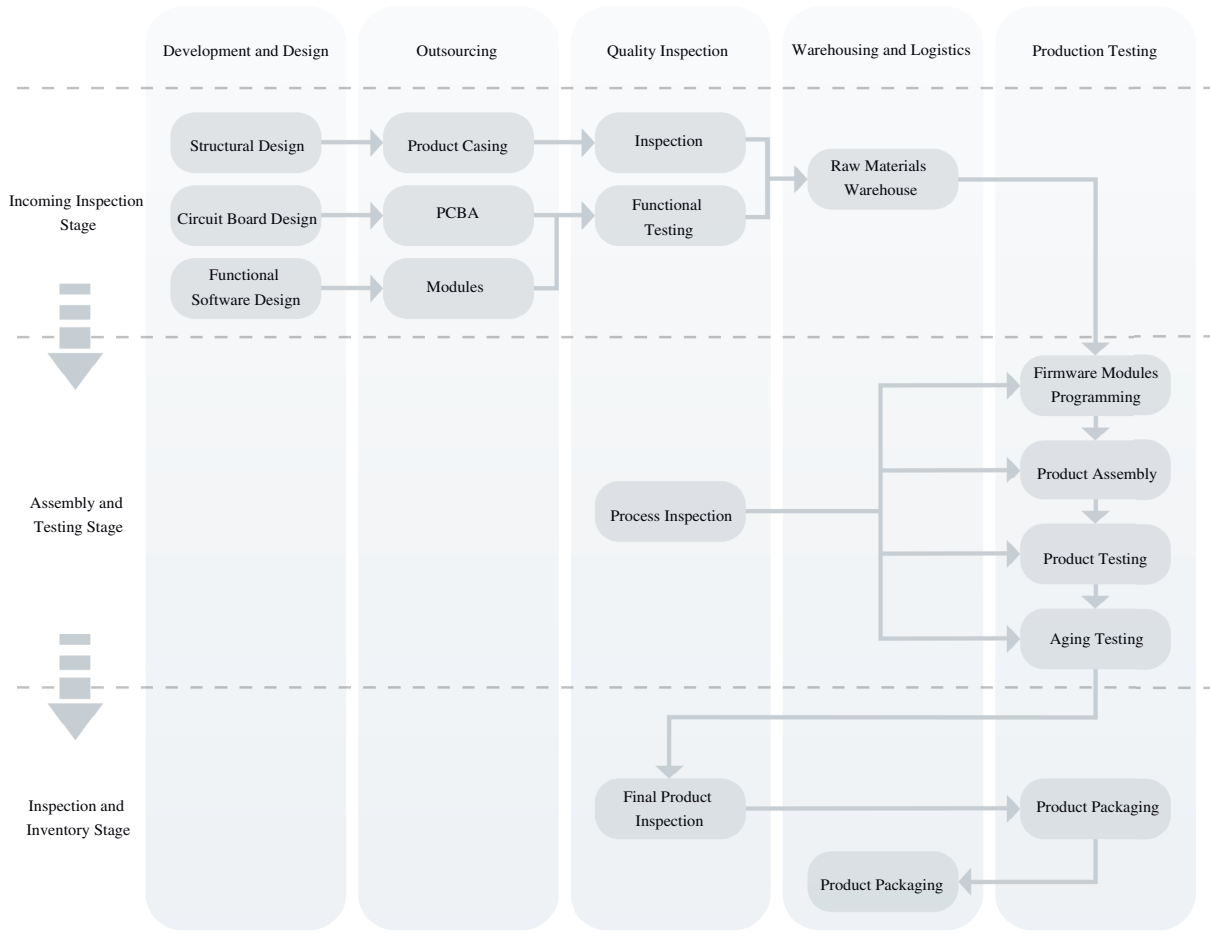
The salient terms of our agreements with contract manufacturers are set forth as below:

- ***Principal rights and obligations of parties involved.*** We provide technical specifications and key raw materials to contract manufacturers who provide the manufacturing, assembly and testing services for our products.
- ***Payment and delivery.*** We are responsible for timely payment to contract manufacturers, who are responsible for delivery of products to our designated location specified in the agreements.
- ***Subcontracting.*** Subcontracting is not allowed without our prior written authorization.
- ***Quality assurance.*** Products are accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, the contract manufacturers are responsible for replacement.
- ***Termination.*** The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

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Manufacturing Process

The following chart illustrates the manufacturing process of products that are assembled, tested and packaged at our self-operated factories:



- **Formulation of product design and production plan.** Upon receiving customer orders, we begin with product design and production planning to ensure each product meets customer specifications and our own high standards.
- **Material preparation.** The material preparation process lays the foundation for the quality and sustainability of our final products. We procure from external suppliers the materials, components and modules required for our products. We may also engage contract manufacturers for additional processing before commencing the assembly process.
- **Assembly, calibration and testing.** We assemble, calibrate and test the products in our own factory.

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- **Quality control.** Quality inspection is integrated throughout the entire process, see “— Quality Control.” Raw materials and each product undergo rigorous inspection to ensure they meet our benchmarks. We conduct final inspections on products that pass the calibration process.
- **Packaging and delivery.** After the products pass the final inspection, they are securely packaged to prevent any damage during transit.

We own all the assembly lines, machinery and equipment at our factories. We are constantly upgrading our machinery and equipment to improve our operational efficiency. Depreciation is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term. See Note 2.2.7 to the Accountant’s Report in Appendix I to this document. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure that they function properly at all times and comply with relevant laws and regulations.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We primarily engage reputable third-party logistics service providers to deliver our hardware products from production facilities and warehouses to the venue specified by our customers. To the best of our knowledge, such logistics service provider is an Independent Third Party.

Inventory Management

Our inventories amounted to RMB77.2 million, RMB123.5 million, RMB174.2 million and RMB115.6 million as of December 31, 2021, 2022 and 2023 and June 30, 2024. Our inventories during the Track Record Period primarily consisted of contract costs in progress, raw materials, finished goods and consigned-processing-material. We regularly track our inventory to keep it at a level sufficient to fulfill customers’ orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our finance team reviews our inventory aging reports routinely and takes necessary actions to minimize risks of obsolescence.

QUALITY CONTROL

We are committed to maintaining the highest level of quality in our products and solutions. We have designed and implemented a quality management system that provides the framework for continuous improvement of products and processes. We have also implemented a management review control process to conduct regular systematic reviews of our quality management system, in order to closely monitor the implementation of our quality management system.

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R&D Activities

We develop our products and solutions in accordance with the requirements of relevant laws and regulations and industry practices as well as our internal quality control procedures. We conduct a series of rigorous evaluation and validation processes during the whole process of our R&D activities to ensure quality of our products and solutions. Specifically: (i) in the start-up phase, we hold meetings to know customer demands and evaluate and review project viability; (ii) in the planning phase, we develop a detailed project plan and prepare project documents based on demands analysis; (iii) in the execution and monitoring phase, we implement our technical solutions, and test and validate the results; and (iv) in the closing phase, we summarize the lessons learned report.

Supply Chain Management

We have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their reputations, credentials, experience, service or product availability, price and delivery time.

We require all of our suppliers to comply with our internal supply management policies. Our quality control development is responsible for communicating with suppliers regarding quality standards, and will thoroughly inspect product samples to ensure that they meet all the technical requirements set forth in our product designs. We may conduct regular or ad hoc on-site inspections of suppliers and require suppliers to timely remedy quality issues upon notice.

Product Returns and Recalls

We established a comprehensive set of management and control procedures to ensure the quality of our products. These procedures cover the procurement of external materials, the production process, and changes in product design and manufacturing processes. We implement identification and traceability management for our products, appropriately marking products and their status to prevent mix-ups or misuse at various stages, including receipt, production, delivery and after-sales service. For critical components, we manage them through a system that enables traceability by batch or precise traceability.

Our after-sales service department is responsible for addressing customers' after-sales requests. Following our after-sales service management procedures, we confirm relevant information with customers, create repair work orders, and conduct follow-ups after the service is completed. If a product is confirmed to be non-conforming, it will be returned to us, and we will manage and dispose of the non-conforming product according to our non-conforming product control procedures.

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EMPLOYEES

As of June 30, 2024, we had 426 full-time employees. The following table sets forth the number of our employees by function:

Employee Function	Number of employees	% of Total
Research and Development	244	57.3%
Management, Administration and others	80	18.8%
Engineering and Delivery	69	16.2%
Sales and Marketing	33	7.7%
Total	426	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high quality talent pool is one of the core strengths of our company. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hiring and use various methods for our recruitment, including campus recruitment, online recruitment, internal recommendation and recruiting through hunting firms or agents, to satisfy our demands for different types of talents.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees. In addition, we usually enter into proprietary information and inventions agreements with our core employees, under which we have all right, title and interest relating to any and all inventions by such employee during the term of his/her employment with the Company. Further, when employees are hired, we give them an employee handbook, which informs them of our policies and their rights in all material respects, from recruitment, compliance, salary, benefits and performance assessment to training and development.

To remain competitive in the labor market, we provide competitive salaries and various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

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We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, and based on our assessment of our operational needs and industry practice. We purchased property all risks insurance for our buildings, machinery and equipment and third-party liability insurance for our test vehicles. We believe that our existing insurance coverage is sufficient for our present operations and aligns with the industry practice in the PRC.

During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors — Risks Relating to Our General Operations — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.” for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

We are committed to maintaining sustainable business operations to ensure all our activities comply with applicable laws, regulations and policies related to environmental, social and governance (“ESG”). Our management systems have been certified to satisfy the requirements of ISO 9001 for quality management systems, ISO 45001 for occupational health and safety management systems and ISO 14001 for environmental management systems.

Our Board of Directors is tasked with overseeing all aspects of ESG matters. This includes assessing and identifying ESG-related risks and opportunities, ensuring the effective implementation of ESG risk management and internal control systems, and establishing our ESG management approach, strategy, priorities and objectives.

Through our internal governance and the implementation of environmental and occupational health and safety measures, we strive to foster a healthy and safe working environment for all employees. During the Track Record Period and up to the Latest Practicable Date, our rate of material workplace injuries was 0.0%, and we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

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Environmental Protection

Our autonomous driving solutions prioritize safety, environmental protection and low carbon emissions, contributing to sustainable development. Our V2X products collect and analyze vast traffic data to aid urban planning, transportation policymaking and infrastructure development, enabling more economically efficient decisions. Additionally, our autonomous electric mining trucks excel in productivity, safety and cost-effectiveness compared to traditional human-driven fuel trucks. For example, our zero-carbon mining project with TCC set industry benchmarks in reducing diesel consumption and carbon emissions, as well as lowering operational and maintenance costs, with an annual reduction of over 1,800 tons of carbon emissions.

We adhere to all laws and regulations and are dedicated to continuous improvement, aiming to minimize the environmental impact of our operations while ensuring our environmental protection efforts remain legal and compliant.

Resource consumption

We primarily utilize resources such as electricity, water and gasoline in our daily operations. The following table sets forth a breakdown of the consumption of electricity, water, natural gas and packaging material used for finished goods during the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Electricity consumption (<i>million kWh</i>).	1,050	1,231	1,244	616
Water consumption (<i>m³</i>)	8,110	7,704	7,216	3,035
Gasoline consumption (<i>kg</i>)	27,935	30,618	31,508	11,772

Metrics and Targets

We recognize the critical importance of environmental protection and sustainability. With a focus on environmental responsibility and minimizing our ecological footprint, we established environmental targets that are in line with our overall business strategy and objectives.

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Metric	Target	Measures
Energy efficiency.	5% reduction in total electricity consumption by 2025 compared with 2023.	<ul style="list-style-type: none"> • Energy monitoring and smart management systems: Conduct periodic energy monitoring to identify major consumption areas, and install a smart management system tailored to the office environment for real-time monitoring and automatic energy usage adjustments. • Equipment upgrades: Replace outdated, energy-intensive equipment such as air conditioners, lighting and production machinery with more energy-efficient alternatives. • Employee training and awareness: Provide training to employees on energy-saving awareness and encourage the adoption of energy-saving measures.
Water consumption	5% reduction in total water consumption by 2025 compared with 2020.	<ul style="list-style-type: none"> • Water resource recycling and reuse: Implement a water recycling system for cooling, washing, etc., to reduce the demand for fresh water. • Leak monitoring and repair: Conduct periodic inspections on water pipelines and promptly repair any leaks detected. • Installation of water-saving devices: Install water-saving devices in restrooms, such as sensor faucets.

In addition, we plan to regularly assess the effectiveness of our environmental measures and issue ESG reports to present our progress and achievements to stakeholders. Through the implementation of our ESG-related policies and measures, we will not only significantly reduce our environmental impact and dependence on natural resources, but also establish a positive image of sustainable development within the industry. Our ESG efforts will also bring long-term economic benefits, such as reduced operational costs and enhanced competitiveness.

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Social Responsibility

Employment

Human resources play a crucial role in achieving long-term sustainable development. We advocate for harmonious labor relations and prioritize employee care. We established a labor union dedicated to continuously maintaining and developing harmonious labor relations, serving employees, supporting their growth and safeguarding their interests. In compliance with PRC laws and regulations, we participate in various employee social security programs organized by local governments. In addition, to provide more comprehensive protections for our employees, we purchase supplementary commercial insurances for our full-time employees. We were honored with the Best Employer Award by Liepin in 2018 and the Extraordinary Employer Award by Liepin for two consecutive years in 2018 and 2019. Additionally, in 2022, we received the Talent Acquisition Award from Risfond, and we were recognized as a High-Quality Employment Demonstration Enterprise by the Hunan Xiangjiang New Area Civil Affairs and Social Security Bureau.

We offer both onboarding and on-the-job training for our employees. The training includes technical, management and general knowledge courses. During the Track Record Period, we provided on average around 18.5 hours of training per employee.

Supply Chain Management

We are committed to prioritizing the purchase of environmentally friendly materials and products, which supports the development of a sustainable supply chain that not only aligns with our commitment to environmental responsibility but also encourages our suppliers to adopt sustainable practices, fostering a culture of sustainability within the industry. We utilize internal supply chain management policies and procedures to manage relevant aspects in our entire product development, procurement and production processes. We also conduct thorough evaluations of our suppliers based on their respective industries and past quality performance, requiring them to provide certifications, including but not limited to ISO 9001, IATF 16949, ISO 14001 and ISO 45001. We adhere to principles of simplicity, efficiency and customer convenience, packaging our products in a more environmentally friendly manner.

BUSINESS SUSTAINABILITY

We have experienced strong revenue growth during the Track Record Period. During the Track Record Period, we engaged in the sales of autonomous driving solutions, V2X products and solutions and high-performance perception solutions, all of which are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. Our revenues increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and

BUSINESS

increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. Therefore, as confirmed by the Auditor and Reporting Accountant of the Company, we will be able to qualify as a commercial company in 2024 by achieving the revenue requirement as set out in Rule 18C.03(4). Benefiting from the solid foundation we have built and the momentum we have seized, we believe that we are able to maintain sustainability and growth of our business.

Our gross profit margin was 33.1% and 20.2% in 2021 and 2023, respectively. We recorded a gross loss margin of 19.3% in 2022. Our gross profit increased from RMB6.8 million in the six months ended June 30, 2023 to RMB44.4 million in the six months ended June 30, 2024. We had a net loss of RMB179.5 million, RMB263.0 million and RMB255.1 million in 2021, 2022 and 2023, respectively. Eliminating impact of items including (i) share-based compensation, (ii) financial cost on financial instruments with preferred rights at amortized cost and (iii) [REDACTED] expenses, we generated an adjusted net losses of RMB114.0 million, RMB158.9 million and RMB137.6 million in 2021, 2022 and 2023, respectively. Adjusted net loss is a non-IFRS measure. See “Financial Information — Non-IFRS Financial Measure.”

Our net losses were primarily due to the significant amounts of cost of sales, general and administrative expenses and R&D expenses incurred during the Track Record Period. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions. In addition, the absolute dollar amounts of general and administrative expenses and selling expenses increased throughout the Track Record Period, which is in line with our business expansion. We plan to implement prudent measures to manage our costs and operating expenses.

We have a healthy cash balance to support our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-[REDACTED] Investments. See “History, Development and Corporate Structure — Pre-[REDACTED] Investments.” We had cash and cash equivalents of RMB500.8 million, RMB381.7 million and RMB234.7 million as of December 31, 2021, 2022 and 2023, respectively. Furthermore, as of September 30, 2024, our total cash balance was RMB359.6 million, including RMB344.4 million in cash and cash equivalents, RMB5.0 million in term deposits and RMB10.2 million in restricted bank deposits. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

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PROPERTIES

Owned Properties

We own and occupy certain land parcels and buildings in the PRC for our business operations. These owned properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of the Latest Practicable Date, we owned one land parcel with a total site area of 53,395.6 sq.m. and nine properties with a total gross floor area of 46,164.2 sq.m. in the PRC. These properties are primarily used as our offices and warehouses to support our business operations.

Except for the property interests described in the valuation report prepared by AVISTA Valuation Advisory Limited, our Group has no other owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of the total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. For details, please refer to the valuation report in Appendix III to this document.

Our PRC Legal Advisor confirmed that, as of the Latest Practicable Date, we had obtained the real property title certificates and other relevant land use rights certificates of the above one land parcel and nine properties.

Leased Properties

As of the Latest Practicable Date, we leased three properties with an aggregate gross floor area of approximately 14,648.3 sq.m. in the PRC for use as our offices and for the purpose of R&D. These leases generally have a term ranging from one to three years.

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LICENSES, APPROVALS AND PERMITS

We lay great emphasis on the ultimate safety of our autonomous driving products and solutions. Our autonomous driving technologies are designed to comply with automotive grade standards. Our products and R&D procedures passed various industry recognized certifications and tests for safety and reliability. The table below sets out the main standards, certifications and requirements that we were compliant with as of the Latest Practicable Date:

Standards, certifications and requirements	Definition of the standards, certifications and requirements	Our compliance with the standards, certifications and requirements
ISO 9001:2015	An internationally accepted standard for quality management systems published by the ISO, encompassing the formulation of quality policies, objectives and processes such as quality planning, quality control, quality assurance and quality improvement.	We are ISO 9001:2015 certified, with our certificate valid until April 8, 2027. We operate in accordance with the quality system requirements and are committed to continual improvement.
IATF 16949:2016	A global technical specification and quality management standard for the automotive industry, which extends the principles of ISO 9001 to meet the stringent demands of the automotive industry.	We are IATF 16949:2016 certified, with our certificate valid until April 8, 2027. We adhere to the quality system requirements of the automotive industry, employing PDCA and risk management-based processes, and are dedicated to ongoing improvement.

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Standards, certifications and requirements	Definition of the standards, certifications and requirements	Our compliance with the standards, certifications and requirements
ISO 45001:2018	An international standard for occupational health and safety management systems published by the ISO, which provides a framework for organizations to manage risks and improve performance by identifying, evaluating and controlling hazards in the workplace.	We are ISO 45001:2018 certified, with our certificate valid until October 24, 2025. We operate in accordance with the system requirements and strive for further enhancement.
ISO 14001:2015	An internationally recognized standard for environmental management systems, published by the ISO, which provides a framework for organizations to improve their environmental performance through more efficient use of resources and reduction of waste, thereby achieving sustainable development.	We are ISO 14001:2015 certified, with our certificate valid until August 28, 2026. We operate in accordance with the system requirements and strive for further enhancement.
ISO 26262:2018	An international standard for the functional safety of road vehicles, focusing on electrical and electronic systems. It aims to enhance safety by addressing potential hazards from system malfunctions. The standard uses the Automotive Safety Integrity Level (ASIL) for risk classification, divided into four levels: A, B, C and D, with ASIL D representing the highest level of stringency.	We obtained ISO 26262:2018 (ASIL-D) certification for our functional safety development process and established a product development system that meets the highest functional safety standards.
SIL 4.	Safety Integrity Level 4, which is part of an internationally accepted system for evaluating the safety performance of safety-related equipment. SIL certification assesses the reliability and performance of these systems. The levels range from SIL 1 to SIL 4, with SIL 4 being the most stringent.	Certain of our products and solutions for rail transit are certified to SIL 4 standards for the rail transit industry.

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Standards, certifications and requirements	Definition of the standards, certifications and requirements	Our compliance with the standards, certifications and requirements
SIL 2.	Safety Integrity Level 2 of the abovementioned SIL certification system.	Certain of our products and solutions for rail transit are certified to SIL 2 standards for the rail transit industry.
Radio Transmission Equipment Type Approval Certificate	A certificate issued by the Ministry of Industry and Information Technology in China certifying that the radio transmission equipment conforms to the provisions of the Radio Regulations of the PRC	Certain of our V2X products have received such certificates
Network Access License for telecommunications equipment	A mandatory approval of telecommunications equipment that will be connected to the public telecommunications network licensed by the Ministry of Industry and Information Technology in China	Certain of our V2X products have received such approvals

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. Our PRC Legal Advisor further confirms that save for the above-mentioned industry-specific standards and certifications, there is no other regulatory approval required and/or obtained for each key Specialist Technology Product under the relevant PRC laws and regulations. As of the Latest Practicable Date, no material unexpected or adverse changes had occurred since the dates of issue of the relevant regulatory approvals for our Specialist Technology Products.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. See “Risk Factors — Risks Relating to Our General Operations — We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition.”

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During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a set of risk management measures and internal control policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these policies. Furthermore, we continually review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient. We have adopted and implemented comprehensive internal control management in various aspects of our business operations, including the following.

Financial Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our employees in the finance department to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Compliance Management

In order to effectively manage our regulatory compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers, suppliers and other business partners. Our sales manager examines the contract terms and reviews relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and the necessary underlying due diligence materials, before we enter into any contract or business arrangements. We also issued the internal contract management policies to regulate the business

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contract signing, reviewing and implementation procedures. In addition, we continuously improve our internal policies according to changes in laws, regulations and industry standards, such as the policies related with autonomous driving and data privacy.

Human Resource Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential non-compliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
2024 Mining Technology Excellence Awards (2024採礦技術卓越獎)	2024	GlobalData
First Prize of the China Highway & Transportation Society Science & Technology Award (中國公路學會科學技術獎)	2023	China Highway & Transportation Society (中國公路學會)
National Technologically Advanced “Little Giant” Enterprises (國家級專精特新小巨人)	2023	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
Hunan Engineering Technology Research Center (湖南省工程技術研究中心)	2022	Department of Science and Technology of Hunan Province (湖南省科學技術廳)

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Award/Recognition	Award year	Awarding Institution/Authority
Hunan Provincial Enterprise Technology Center (湖南省企業技術中心).....	2022	Industry and Information Technology Department of Hunan Province (湖南省工業和信息化廳)
2022 List of New Unicorns (2022年新晉獨角獸榜單).....	2022	Forbes China (福布斯中國)
New R&D Institutions of Hunan Province (湖南省新型研發機構).....	2021	Department of Science and Technology of Hunan Province (湖南省科學技術廳)
Unicorns HK 2021 (香港獨角獸榜單).....	2021	Hong Kong X Foundation (創科香港基金會)

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Dr. Ma Wei (馬維)	68	Co-founder, executive Director and vice chairman	October 2017	October 16, 2017	Responsible for architecting technology framework and business model, research and development of new product technology of our Group and strategic planning of such research and development
Dr. Hu Albert Sibó (胡斯博)	37	Executive Director and chief executive officer	January 2018	October 30, 2023	Responsible for research and development of system algorithm and simulation, business development, marketing and production of our Group
Non-executive Directors					
Prof. Li Zexiang (李澤湘)	63	Founder, chairman of our Board and Non-executive Director	October 2017	October 16, 2017	Responsible for overseeing the overall business strategy and direction, formulating management structure and growth objectives; align external resources to company’s technology capabilities

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Wang Hao (王昊)	40	Non-executive Director	December 2019	December 9, 2019	Responsible for providing advice to the Board and align the eco system resources to help the company growth
Ms. Yang Xi (楊溪)	36	Non-executive Director	October 2017	October 16, 2017	Responsible for providing advice to the Board and align the eco system resources to help the company growth
Independent non-executive Directors					
Dr. Li Xiaoyuan (李曉原).	65	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for providing independent advice on the operation and management of our Company
Prof. Tan Guangrong (譚光榮)	61	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for providing independent advice on the operation and management of our Company
Mr. Zhang Jiangan (張健鋼)	32	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for providing independent advice on the operation and management of our Company

Executive Directors

Dr. Ma Wei (馬濰), aged 68, is the co-founder, executive Director and the vice chairman of our Company. He joined our Company since October 2017. He was appointed as our Director on October 16, 2017.

Dr. Ma has more than 20 years of experience in the electronics and technology industry. Prior to founding our group, Dr. Ma served as a lecturer at Xi’an University of Electronic Science and Technology (西安電子科技大學) from January 1985 to September 1989. He then served as a director at National Semiconductor Inc in the United States from January 2002 to September 2012 and a director at Texas Instrument Inc in the United States from September 2012 to October 2017.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Ma obtained a bachelor’s degree in communication engineering in April 1982 and a master’s degree in communication engineering in April 1985 from Xi’an University of Electronic Science and Technology (西安電子科技大學) in the PRC. He also obtained a doctorate degree in Signal Processing from Surrey University in the United Kingdom in August 1994.

Dr. Hu Albert Sibó (胡斯博), aged 37, is the executive Director and chief executive officer of our Company. He joined our Group in January 2018. He was appointed as our Director and chief executive officer on October 30, 2023.

Since January 2018, Dr. Hu has successively served as a senior scientist at the intelligent driving platform department, a principal scientist at the new technology development center, a director of research and development at the technology innovation center and the head of CiDiLabs at our Company. Dr. Hu was recognized as a municipal industry leader as the Changsha’s High-End Talent Leading Project by the Changsha Municipal Talent Leading Group in August 2021.

Dr. Hu obtained a bachelor’s double degree in economics and mathematics from Williams College in the United States in June 2009. He then obtained a master’s degree in business administration in December 2014 and a doctorate degree in business administration in December 2017 from the University of California, Berkeley in the United States.

Non-executive Directors

Prof. Li Zexiang (李澤湘), aged 63, is the founder, chairman of our Board and non-executive Director of our Company. He joined our Company since October 2017. He was appointed as our Director on October 16, 2017.

Prof. Li has more than 30 years of experience in the motion control and manufacturing industry. Prof. Li has served as a professor at the department of electronic and computer engineering of the Hong Kong University of Science and Technology since 1992. He established the center for automation technology at the Hong Kong University of Science and Technology in 1998 and has been the key member of the Robotics Institute of the Hong Kong University of Science and Technology since 2015. Prof. Li has been the co-founder and director of Gogol Technology Co., Ltd. (固高科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301510), since October 1999. Prof. Li was recognized as a fellow of the Institute of Electrical and Electronics Engineers in 2008.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prof. Li obtained a bachelor’s degree in electrical engineering and economics (with honors) from Carnegie Mellon University in United States in August 1983. He also obtained a master’s degree in engineering in May 1985, a master’s degree in mathematics in December 1989 and a doctorate degree in engineering in December 1989 from the University of California, Berkeley in United States.

Mr. Wang Hao (王昊), aged 40, is the non-executive Director of our Company. He was appointed as a Director on December 9, 2019.

Mr. Wang joined HongShan in September 2015, and currently serves as a managing director. He has held directorships and positions in Beijing Hongshan’s various subsidiaries and investment companies, including, among others, Beijing Shengxin Network Technology Co., Ltd (北京升鑫網絡科技有限公司), Shanghai Yiwei Software Systems Co., Ltd (上海繹維軟件系統有限公司), Bochuang Linkage Technology Co., Ltd (博創聯動科技股份有限公司) and Xiamen Gaoding Co., Ltd (廈門稿定股份有限公司).

Mr. Wang obtained a bachelor’s degree in communication engineering in June 2007 and a master’s degree in communication engineering in March 2010 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Ms. Yang Xi (楊溪), aged 36, is the non-executive Director of our Company. She was appointed as a Director on October 16, 2017.

Ms. Yang has more than 7 years of experience in the design and technology industry. Since June 2016, she has worked at Dongguan Songshan Lake International Robotics Research Institute Co., Ltd. (東莞松山湖國際機器人研究院有限公司) with her last position as a general manager.

Ms. Yang obtained a bachelor’s degree in design from Tongji University in the PRC (同濟大學) in June 2011, a master’s degree in applied innovation from the Hong Kong Polytechnic University in June 2014 and a master’s degree in technology leadership and entrepreneurship from the Hong Kong University of Science and Technology in November 2016.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Dr. Li Xiaoyuan (李曉原), aged 65, was appointed as an independent non-executive Director of our Company with effect from the [REDACTED].

Dr. Li has over 30 years of experience in the chemistry and academia industry. Dr. Li served as a postdoctoral researcher at the department of chemistry of University of California, Berkeley in the United States from 1988 to 1989 and subsequently served as a research associate at the Steacie Institute for Molecular Sciences at the National Research Council of Canada in Canada from 1989 to 1991. Since August 1991, he has successively served as an assistant professor, associate professor, professor, department head, chair professor and a professor emeritus in the department of chemistry at the Hong Kong University of Science and Technology. He was awarded the Outstanding Young Scientist Award (Overseas Category) by National Natural Science Foundation of China (國家自然科學基金委員會) in December 1999 and the SPACC-CSJ Award by the Chemical Society of Japan in July 2005.

Dr. Li obtained a bachelor’s degree in chemistry from Peking University (北京大學) in the PRC in February 1982. He then obtained a master’s degree in chemistry in July 1984 and a doctorate degree in Chemistry in July 1988 from Princeton University in the United States.

Prof. Tan Guangrong (譚光榮), aged 61, was appointed as an independent non-executive Director of our Company with effect from the [REDACTED].

Prof. Tan has over 25 years of experience in the field of finance and accounting. He has joined Hunan University (湖南大學) since September 1999 and has been a professor at the school of economics and trade since July 2009. Prof. Tan has been serving as an independent non-executive director at Guangdong Guanghong Electronics Co., Ltd. (國光電器股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002045), since January 2023, an independent director at Delijia Transmission Technology (Jiangsu) Co., Ltd. (德力佳傳動科技(江蘇)股份有限公司) since July 2023 and an independent director at Shanhe Xinghang Industrial Co., Ltd. (山河星航實業股份有限公司) since August 2023. In December 2001, Prof. Tan was certified as a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

He obtained a bachelor’s degree in economics with a major in accounting from Hunan University of Finance and Economics in the PRC in June 1995, a master’s degree in management science and engineering from Central South University of Technology (中南工業大學) in the PRC in October 1997, and a doctorate degree in management science and engineering from Wuhan University of Technology (武漢理工大學) in the PRC in June 2004.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Jiangan (張健綱), aged 32, was appointed as an independent non-executive Director of our Company with effect from the [REDACTED].

Mr. Zhang has over 8 years of experience in technology, research, and entrepreneurship. He served as a research assistant at the University of Hong Kong. Since May 2016, he has been the founder and director of INCUS Company Ltd. in Hong Kong.

Mr. Zhang has received several prestigious awards throughout his career. In 2016, he was awarded first prize at both the Qianhai Shenzhen-Hong Kong Innovation and Entrepreneurship Competition and the Cross Straits Hong Kong and Macao Entrepreneurship Competition. He won the first prize at Pitch@Palace in the PRC in 2019.

Mr. Zhang obtained a bachelor’s degree in automation from the University of Science and Technology of China (中國科學技術大學) in the PRC in June 2013. He later obtained a master’s degree in technology leadership and entrepreneurship from the Hong Kong University of Science and Technology in Hong Kong in November 2016.

SUPERVISORS

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group.

The following table sets out information regarding our Supervisors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Mr. Liang Zhe (梁哲)	39	Chairman of the Supervisory Committee	May 2024	May 28, 2024	Responsible for performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations
Mr. Zhu Jianneng (朱建能)	40	Employee Supervisor	September 2017	May 28, 2024	Responsible for performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Dr. Sheng Weitian (盛維天)	33	Supervisor	January 2021	May 28, 2024	Responsible for performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations

Mr. Liang Zhe (梁哲), aged 39, has been the Supervisor of our Company since May 28, 2024 and has been serving as the chairman of the Supervisory Committee.

Mr. Liang has nearly 13 years of experience in the technology and engineering industry. Mr. Liang served as a director at Hong Kong eDroid Technology Co., Ltd. from April 2011 to April 2014, a general manager at Shenzhen Yizhi Robotics Technology Co. Ltd. (深圳市易致機器人科技有限公司) from October 2014 to June 2015, and an Innovation and Entrepreneurship Mentor at the University of Science and Technology Beijing (北京科技大學) from July 2021 to July 2024. He has been serving as the chairman at Shenzhen Qينو Power Technology Co., Ltd. (深圳市奇諾動力科技有限公司) since August 2016, and an external mentor at Tsinghua Shenzhen International Graduate School (清華大學深圳國際研究生院) since June 2023. Mr. Liang was recognized as a High-Level Overseas Talent by Shenzhen Human Resources and Social Security Bureau from September 2021 to August 2026.

Mr. Liang obtained a bachelor’s degree in electronic information engineering from the University of Science and Technology Beijing (北京科技大學) in the PRC in July 2007 and a master’s degree in electronic and computer engineering from the Hong Kong University of Science and Technology in April 2011.

Mr. Zhu Jianneng (朱建能), aged 40, is the employee Supervisor of our Company since December 14, 2023. He joined our Group in September 2017.

Mr. Zhu has over 15 years of experience in mechanical engineering and automation industry. Prior to joining our Group, Mr. Zhu was a mechanical engineer at the college of mechatronics engineering and automation and the mechanical engineering training center at the National University of Defense Technology (國防科技大學) from July 2008 to June 2017. Since September 2017, he has been serving as the head of the delivery and implementation department at our Company. He has served as the director of the engineering and quality management center at our Company since January 2024 and is mainly responsible for managing the work of the engineering and quality management center.

Mr. Zhu obtained a bachelor’s degree in mechanical design, manufacturing and automation from Hunan Agricultural University (湖南農業大學) in the PRC in July 2008.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Sheng Weitian (盛維天), aged 33, has been the Supervisor of our Company since May 28, 2024. He joined our Group in January 2021.

Dr. Sheng has ample knowledge and experience in software engineering and intelligent driving industry. Prior to joining our group, he served as a lead software engineer at Cadence Design Systems, Inc from July 2018 to November 2020. Dr. Sheng joined our Company in January 2021 and served as a scientist from January 2021 to October 2022 and a technical director at the smart logistics department from October 2022 to January 2024. He has been the general manager of the driverless heavy-duty logistics trucks department at our Company since January 2024 and is primarily responsible for overseeing the department’s operations. Dr. Sheng has been recognized as a “Talent Needed in Changsha” by Changsha Municipal Party Committee Organization Department in December 2022, a “Youth Expert in Changsha” by Changsha Municipal Committee of the Communist Youth League in March 2024 and a “D-Level Talents in Changsha”.

Dr. Sheng obtained a bachelor’s degree in electronic science and technology from Tongji University (同濟大學) in the PRC in June 2013, a master’s degree in electrical engineering from the University of Michigan Ann Arbor in the United States in June 2015, and a doctorate degree in electrical engineering from the University of Michigan Ann Arbor in the United States in June 2018.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a senior manager	Roles and responsibilities
Dr. Ma Wei (馬維)	68	Co-founder, executive Director and vice chairman	October 2017	October 13, 2017	Responsible for architecting technology framework and business model, research and development of new product technology of our Group and strategic planning of such research and development
Dr. Hu Albert Sibó (胡斯博)	37	Executive Director and chief executive officer	January, 2018	December 30, 2023	Responsible for research and development of system algorithm and simulation, business development, marketing and production of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Ma Wei (馬濼) is the co-founder, executive Director and the vice chairman of our Company. See “— Directors — Executive Directors” in this section for his biographical details.

Dr. Hu Albert Sibó (胡斯博) is the executive Director and chief executive officer of our Company. See “— Directors — Executive Directors” in this section for his biographical details.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors and Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

As of the Latest Practicable Date, none of our Directors, Supervisors or senior management were related to other Directors, Supervisors or senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. Au Wing Sze (區詠詩) has been appointed as one of our joint Company secretaries of the Company with effect from the [REDACTED]. She is a manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 10 years of experience in the corporate secretarial field.

Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She obtained a master of corporate governance from Hong Kong Metropolitan University in Hong Kong.

Mr. Li Chunlin (李春林) has been appointed as one of our joint Company secretaries of the Company with effect from the [REDACTED]. Mr. Li has been the legal director and head of risk control of our Company since November 2017.

Prior to joining our Group, Mr. Li worked at electrical control technical department of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司) from October 2011 to March 2013, and at Hunan Zoomlion Intelligent Technology Co., Ltd. (湖南中聯

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

重科智能技術有限公司) from April 2013 to September 2014. He served as an intellectual property lawyer and patent attorney at Hunan Tiandiren Law Firm (湖南天地人律師事務所) from September 2014 to November 2017.

Mr. Li obtained a bachelor’s degree in automation engineering from Ocean University of China (中國海洋大學) in the PRC in June 2010 and a master’s degree in law from Hunan University (湖南大學) in the PRC in July 2022.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration 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 audit committee consists of three Directors, namely Prof. Tan Guangrong, Ms. Yang Xi and Dr. Li Xiaoyuan. Prof. Tan Guangrong, being the chairperson of the audit committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee include, but are not limited to, the following:

- reviewing and evaluating the work of external auditors;
- monitoring and making recommendations concerning the internal audit work of our Company;
- reviewing and making recommendations concerning the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The remuneration committee consists of three Directors, namely Dr. Li Xiaoyuan, Dr. Ma Wei and Mr. Zhang Jiangang. Dr. Li Xiaoyuan serves as the chairperson of the remuneration committee. The primary duties of the remuneration committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company’s policies and objectives as approved by our Board from time to time;
- making recommendations to our Board concerning our Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The nomination committee consists of three Directors, namely Prof. Li Zexiang, Dr. Li Xiaoyuan and Mr. Zhang Jiangang. Prof. Li Zexiang serves as the chairperson of the nomination committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company’s business activities, the scale of assets and shareholding structure;
- identifying individuals suitably qualified to become a member of our Board and senior management, and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors;
- accessing and making recommendations to the selection of other senior management appointed by our Board; and
- performing other duties and responsibilities as assigned by our Board.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company’s employees, remuneration in the form of wages, salaries, bonuses, pension obligations, housing funds, medical insurances, other social insurances and other benefits. Our independent non-executive Directors receive remuneration with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the aggregate amount of remuneration paid or payable to our Directors and our chief executive officer amounted to approximately RMB2.9 million, RMB3.3 million, RMB4.5 million and RMB1.7 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, including estimated share-based remuneration, to be accrued to our Directors for the year ending December 31, 2024 to be approximately RMB3.4 million. The actual remuneration of Directors and Supervisors in 2024 may be different from the expected remuneration.

For each of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, there were 2, 2, 2 and 1 Director and/or chief executive officer among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB3.3 million, RMB3.6 million, RMB3.5 million and RMB3.1 million, for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former directors or the five highest paid individuals for the loss of office as director of 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 waived any emoluments during the Track Record Period. Save as

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management and will, following the [REDACTED], receive recommendations from our remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management and the performance of our Group.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our board currently consists of 1 female Directors and 7 male Directors with nearly half holding doctorate degrees. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including economics, chemistry, business management, and engineering. This diverse academic background allows the Board to approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board Diversity Policy.

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Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [REDACTED], our Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

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 on October 18, 2024, October 21, 2024 and October 25, 2024 (as the case may be) and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

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 appointment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Ping An of China Capital (Hong Kong) Company Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- (d) where the Hong Kong 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 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Prof. Li is indirectly interested in approximately 16,750,130 Shares, representing approximately 43.64% of our total issued share capital, through: (i) 11,433,151 Shares (representing approximately 29.81% of the voting rights in our Company) held by NovoDriv HK, the general partner of which is NovoDriv Limited, which in turn is wholly-owned by Prof. Li; (ii) 4,883,250 Shares held by Changsha Gangwan (representing approximately 12.72% of the voting rights in our Company) which (1) is directly held as to 99% by Prof. Li as the limited partner, and (2) is held as to 1% by Dongguan Intelligence as the general partner, which in turn is controlled by Prof. Li; (iii) 290,750 Shares held by CWB Startup HK (representing approximately 0.76% of the voting rights in our Company) which is controlled by Prof. Li; and (iv) 132,979 Shares held by Changsha Shengyu (representing approximately 0.35% of the voting rights in our Company), the majority of the partnership interest of which is held by CWB Startup HK.

Accordingly, Prof. Li, NovoDriv HK, NovoDriv Limited, Changsha Gangwan, Dongguan Intelligence, CWB Startup HK and Changsha Shengyu constitute a group of Controlling Shareholders of the Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights in our Company, and will remain as the Controlling Shareholders upon the [REDACTED].

See “History, Development and Corporate Structure” and “Substantial Shareholders” in this document for details.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

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

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates after the [REDACTED], taking into consideration the factors below.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board consists of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. Prof. Li, a Controlling Shareholder, is also a member of the Board as a non-executive Director. For more details, see “Directors, Supervisors and Senior Management”.

Ms. Yang Xi, our non-executive Director, also held positions as director and/or general manager in certain companies outside of the Group controlled by Prof. Li, our Controlling Shareholder. Save as disclosed above, none of our Directors or members of senior management serves as directors or members of senior management in any close associates of our Controlling Shareholders.

Our Directors consider that we are able to carry on our business independently from the Controlling Shareholders from a management perspective for the following reasons:

- (a) our executive Directors and senior management members do not hold any role as an executive director or member of senior management in any close associates of our Controlling Shareholders. Although Ms. Yang Xi held directorships and/or general manager roles in certain companies outside of the Group controlled by Prof. Li, she is only a Non-executive Director of our Company and is not involved in the daily operation of our Company;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. See “Directors, Supervisors and Senior Management” for details of the industry experience of our senior management team;
- (c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;
- (d) we have three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Certain matters of our Company must always be referred to the independent non-executive Directors for review and approval; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. See “— Corporate Governance” below for details.

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

Operational Independence

We do not rely on the Controlling Shareholders and their respective close associates for our daily operations. While our business operations and growth prospects might be affected by the experience and abilities of our founder and non-executive Director, Prof. Li, and our senior management and key personnel, we have our own departments specializing in business development, sales and marketing, financing, logistics, human resources, administration, internal audit, information technology, legal and compliance, or company secretarial functions which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

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

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have our own internal control and accounting systems and an independent finance department in charge of our treasury function and making financial decisions based on our Group’s needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently from our

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Controlling Shareholders and their respective close associates. We do not expect to rely on the Controlling Shareholders and their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by the cash, cash equivalents on hand as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to the Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently from, and do not place undue reliance on the Controlling Shareholders or their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders and their respective close associates:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides that, a Director shall

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Group enters into connected transactions with the Controlling Shareholders or any of their respective associates, we will comply with the applicable Listing Rules;
- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See “Directors, Supervisors and Senior Management” for details of the independent non-executive Directors;
- (e) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company’s expenses;
- (f) we have appointed Ping An of China Capital (Hong Kong) Company Limited as our Compliance Advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors’ duties and 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 Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB38,381,330, comprising 38,381,330 Domestic Unlisted Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares in issue.	[REDACTED]	[REDACTED]
H Shares converted from Domestic Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]
Total	[REDACTED]	100

Assuming the [REDACTED] is exercised in full, the share capital of our Company immediately following the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be converted from Domestic Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]
Total	[REDACTED]	100

SHARE CAPITAL

RANKING

Upon completion of the [REDACTED], the Shares will consist of H Shares and Domestic Unlisted Shares. H Shares and Domestic Unlisted Shares are all ordinary Shares in the share capital of our Company. However, 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, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Domestic Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

DOMESTIC UNLISTED SHARES AND H SHARES

Upon the completion of the [REDACTED] and the Conversion of Domestic Unlisted Shares into H Shares, the Shares will consist of Domestic Unlisted Shares and H Shares. Domestic Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and 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 Domestic Unlisted Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

If any of the Domestic Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

SHARE CAPITAL

Registration with the CSRC and Full Circulation Application

In accordance with the Trial Administrative Measures and related guidelines, H-share [REDACTED] companies which apply for the conversion of domestic unlisted shares into H shares for [REDACTED] and [REDACTED] on the Hong Kong 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 applied for a “full circulation” filing when filing with the CSRC for an overseas [REDACTED] on [•], and submitted the filing reports, authorization documents of the shareholders of Domestic Unlisted Shares which applied for the H-share “full circulation”, undertaking on the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

We [have received] the filing notice from the CSRC dated [•] in relation to the registration of the overseas [REDACTED] and “full circulation”, pursuant to which (1) we are approved to [REDACTED] no more than [REDACTED] H Shares with a nominal value of RMB1.00 each, which are all ordinary shares, and we may be [REDACTED] on the Main Board of the Hong Kong Stock Exchange; (2) certain Shareholders (the “**Full Circulation Participating Shareholders**”) could convert [REDACTED] Domestic Unlisted Shares into H Shares on a one-for-one basis (“**Conversion of Domestic Unlisted Shares into H Shares**”) upon the completion of the [REDACTED] (“**Full Circulation Application of the Company**”).

[REDACTED] Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED] in, our H Shares to be [REDACTED] pursuant to the [REDACTED], and the H Shares to be converted from [REDACTED] Domestic Unlisted Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as [REDACTED] by [REDACTED] for [REDACTED] in [REDACTED].

SHARE CAPITAL

Domestic Procedures

The Full Circulation Participating Shareholders may only deal the Shares upon completion of the below arrangement procedures for the [REDACTED] in relation to the conversion and [REDACTED]:

- (i) We will appoint China Securities Depository and Clearing Corporation Limited (“CSDC”) as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [REDACTED] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;
- (ii) According to the Notice of SAFE 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》), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share “Full circulation” at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share “Full circulation” at the Hong Kong Securities Company; and
- (iii) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Domestic Unlisted Shares shall be reduced by the number of the Domestic Unlisted Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

SHARE CAPITAL

A Shareholder holding Domestic Unlisted Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this Document to convert the Domestic Unlisted Shares into H Shares after the [REDACTED] if they want, provided that such conversion of Domestic Unlisted Shares into and [REDACTED] and [REDACTED] of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [REDACTED] shall not be transferred within 12 months from the [REDACTED].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

For details of the lock-up undertaking given by the Controlling Shareholders pursuant to Rules 10.07 and 18C.13 of the Listing Rules see “[REDACTED]”.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. For details, see “Appendix VI — Summary of Articles of Association”.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders’ general meeting held on September 23, 2024.

SHARE CAPITAL

SHARE INCENTIVE SCHEME

We adopted the Share Incentive Scheme. See “Statutory and General Information — D. Share Incentive Scheme” in Appendix VII to this document.

GENERAL MANDATES TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted general unconditional mandates to issue our Shares. See “Appendix VII — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 4. Resolutions of our Shareholders” for further details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (and assuming the [REDACTED] is not exercised), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Class and Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company	Class and Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total/issued share capital of our Company ⁽²⁾
Prof. Li ⁽³⁾	Interest in controlled corporations	16,750,130 Domestic Unlisted Shares	43.64%	[REDACTED]	[REDACTED]%	[REDACTED]%
NovoDriv Limited ⁽⁴⁾ .	Interest in controlled corporation	11,443,151 Domestic Unlisted Shares	29.81%	[REDACTED]	[REDACTED]%	[REDACTED]%
NovoDriv HK	Beneficial owner	11,443,151 Domestic Unlisted Shares	29.81%	[REDACTED]	[REDACTED]%	[REDACTED]%
Dongguan Intelligence ⁽⁵⁾	Interest in controlled corporation	4,883,250 Domestic Unlisted Shares	12.72%	[REDACTED]	[REDACTED]%	[REDACTED]%
Changsha Gangwan.	Beneficial owner	4,883,250 Domestic Unlisted Shares	12.72%	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Class and Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company	Class and Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total/issued share capital of our Company ⁽²⁾
Beijing Hongshan . . .	Beneficial owner	4,070,500 Domestic Unlisted Shares	10.61%	[REDACTED]	[REDACTED]%	[REDACTED]%
Xinding Capital ⁽⁶⁾ . . .	Interest in controlled corporation	3,710,820 Domestic Unlisted Shares	9.67%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ruishi Capital ⁽⁷⁾ . . .	Beneficial owner	1,056,557 Domestic Unlisted Shares	2.75%	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]%	[REDACTED]%
Chengdu Technology VC	Beneficial owner	231,426 Domestic Unlisted Shares	0.60%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ceyuan Guangyi Digital Fund	Beneficial owner	140,357 Domestic Unlisted Shares	0.37%	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Domestic Unlisted Shares in issue, [REDACTED] H Shares to be converted from Domestic Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming that the [REDACTED] is not exercised).
- (3) Under the SFO, Prof. Li is deemed to be interested in (i) the 11,443,151 Shares held by NovoDriv HK, the general partner of which is NovoDriv Limited, which in turn is wholly-owned by Prof. Li; (ii) the 4,883,250 Shares held by Changsha Gangwan, which is held (1) is directly held as to 99% by Prof. Li as the limited partner, and (2) is held as to 1% by Dongguan Intelligence as the general partner, which in turn is controlled by Prof. Li; (iii) the 290,750 Shares held by CWB Startup HK, which is controlled by Prof. Li; and (iv) the 132,979 Shares held by Changsha Shengyu, the majority of the partnership interest of which is held by CWB Startup HK.
- (4) Under the SFO, NovoDriv Limited is deemed to be interested in the 11,443,151 Shares held by NovoDriv HK as its general partner.
- (5) Under the SFO, Dongguan Intelligence is deemed to be interested in the 4,883,250 Shares held by Changsha Gangwan as its general partner.
- (6) Under the SFO, Xinding Capital is deemed to be interested in the 3,710,820 Shares held by Xinding No. 1, Xinding No. 6, Xinding No. 18, Xinding No. 19, Xinding No. 20 and Xinding No. 36.
- (7) Under the SFO, Ruishi Capital is deemed to be interested in the 1,056,557 Shares held by Zhitu No. 1 and Ruichuang Zhitu, among which [REDACTED] Domestic Unlisted Shares held by Zhitu No. 1 will be converted into H Shares and [REDACTED] Domestic Unlisted Shares held by Ruichuang Zhitu will remain unconverted upon the [REDACTED].

Save as disclosed above and in section headed “Appendix VII — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management”, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised is completed), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountant’s Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business,” and elsewhere in this Document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are a leading provider of autonomous driving technology for commercial vehicles in China. We focus on the research and development of autonomous mining and logistics trucks, V2X technologies and high-performance perception solutions, and offer cutting-edge products and solutions underpinned by proprietary technologies. According to CIC:

- We are the only major autonomous driving company to commercialize solutions for closed environments, urban roads and intercity roads in China.
- We delivered 56 autonomous mining trucks for a mining site in China in mixed traffic with ~500 manned trucks, the world’s largest mixed-operation mining fleet.
- We delivered the first fully driverless electric mining fleet in China.
- We ranked first in China’s autonomous mining market in terms of revenue in the six months ended June 30, 2024.
- We are among the first autonomous driving companies in China to launch commercial V2X products.
- Our train autonomous perception system (TAPS) is the only product in China capable of independent safety perception¹.

¹ Without relying on existing railway signaling systems or additional track-side devices.

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Drawing upon innovative methodology and full-stack technology capabilities, we developed products and solutions encompassing (i) autonomous driving technologies, delivering autonomous mining trucks and logistics trucks; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high-performance perception solutions, adapting autonomous driving technology to rail transit and commercial vehicles.

Our unique business strategy and full-stack technological prowess made us a market leader in mass commercialization. Our initial focus on core autonomous driving functions for commercial vehicles fortified our competitive edge. Subsequently, we expanded and tailored our offerings to cater to more diverse and sophisticated demands, delivering unique value to customers across sectors and forming close collaborations with strategic partners, such as leading automotive OEMs, machinery manufacturers and energy companies. Our loyal customer base further solidifies our technological leadership and brand influence. We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. As of September 30, 2024, we delivered 123 autonomous mining trucks to customers and received indicative orders for 320 autonomous mining trucks and 206 sets of standalone autonomous truck systems.

Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. Our gross profit increased from RMB6.8 million in the six months ended June 30, 2023 to RMB44.4 million in the six months ended June 30, 2024.

BASIS OF PREPARATION

Our historical financial information has been prepared based on IFRSs Accounting Standards, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at FVTPL and financial assets at FVTOCI, 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 our 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.

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KEY FACTORS AFFECTING OUR PERFORMANCE

Our results of operations and financial condition have been, and will continue to be, materially affected by a number of factors, some of which are outside our control, including:

Our ability to expand and successfully commercialize and optimize our product and solution portfolio

Our revenue grew significantly during the Track Record Period, primarily due to the expansion of our product and solution offerings. We launched our full-stack autonomous mining solution, autonomous logistics truck solution, V2X products and solutions, autonomous perception systems for rail transit, and intelligent perception solutions for commercial vehicles, all of which generated revenue and entered mass production during the Track Record Period. As we expand the sales of our various products and solutions and enhance our brand recognition, we are able to develop and offer products and solutions with stronger capabilities, more functions and further customization for various types of commercial vehicles. Going forward, we anticipate improving economies of scale as we expand operations, reducing costs and increasing adoption of our products.

We determine the pricing of our products and solutions based on market levels, project complexity, service scope and costs. Our success will depend on our ability to expand our product and solution offerings in a cost-efficient manner and improve the quality and efficiency of our existing products and solutions. Furthermore, within each category of our product and solution portfolio, we provide various options to meet diverse customer needs. See “Business — Overview — Our Offerings.” Typically, these products or solutions differ in pricing, raw materials and cost structure, resulting in varying gross margins. Each offering is uniquely positioned with distinct marketing strategies. Consequently, our revenue and profitability are significantly influenced by our product and solution portfolio.

We believe that our increasingly diverse portfolio allows us to swiftly adapt to changing market conditions and customer preferences. We have been optimizing our portfolio to enhance our revenue and profitability.

Our ability to attract new customers and deepen relationships with existing customers

We provide a series of solutions encompassing (i) autonomous driving technologies, delivering autonomous mining trucks and logistics trucks for use in closed environments; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high-performance perception solutions adapting autonomous driving technology to rail transit and commercial vehicles in open environments. Our management and sales team have extensive industry

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experience and profound knowledge, allowing us to build our brand and acquire customers in an effective manner. We successfully rolled out a series of benchmark projects across China, earning the trust of strategic partners. For autonomous mining, we delivered the first fully driverless electric mining fleet in China for TCC in Jurong, Jiangsu, which is also the first nationwide autonomous mining project certified by the NIM to exceed the efficiency of manual mining operations; our project in Northwest China represents China’s largest mixed fleet of manned and unmanned mining vehicles; our autonomous mining project in Zhengzhou, Henan represents China’s first fully driverless quarry with excavator collaboration, according to CIC. For V2X, since the initial commercialization of our in-house developed V2X devices in 2018, we consistently achieved groundbreaking endeavors including launching the innovative V2X + Active Transit Signal Priority system and playing a key role in establishing one of the largest national-level V2X pilot zones for Liangjiang New Area, Chongqing, according to CIC. For high-performance perception, our solutions have been selected for mass production by leading commercial vehicle OEMs such as Sinotruk and FAW Jiefang.

We endeavor to maintain stable and long-term business relationships with our customers by delivering comprehensive, customer-centric services. Our representative customers include prominent companies across various sectors, such as Sinotruk from the automotive industry; TCC from the construction industry; and NavInfo from the V2X industry. We had continuously expanded our customer base during the Track Record Period, with the number of customers growing from 31 in 2021 to 49 in 2023. We had 25 customers in the six months ended June 30, 2024.

We enter into long-term strategic partnership with our customers, which allows us to work closely with them at early stages of projects, and to timely iterate our products and solutions to fulfill the evolving needs of end consumers in line with the market trends. We plan to gain access to global markets and R&D resources through such partnership and cooperation, further expanding our presence in the commercial vehicle industry.

Investment in technology leadership and product development

Our ability to develop new technologies, design new products and solutions and enhance existing products and solutions is critical to our business operations. Our financial performance is dependent on our ability to maintain our leadership position in the commercial vehicle industry, which in turn depends on the investments we make in research and development. It is essential that we continually identify and respond to rapidly evolving customer requirements, develop and introduce innovative products and solutions, enhance existing offerings and features, and generate active market demand for our commercial vehicle products and solutions. In particular, we are committed to investing in our technologies, diversifying our product portfolio by pioneering

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different commercial vehicle products and solutions, and commercializing new offerings based on market trends. We offer comprehensive capabilities covering autonomous driving products and solutions for closed environments, urban roads and intercity roads, empowering us to integrate different components to launch our diversified and customer-centric products and offerings. Our offerings covering autonomous driving, V2X and high-performance perception solutions connect us with customers in the entire value chain of the commercial vehicle industry, providing further opportunities for cross-domain technology advancement and business development.

In order to maintain our leadership position in technological innovation, we established a highly experienced talent pool with strong expertise and capabilities in relevant fields. Highly skilled and talented research and development personnel enable us to remain at the forefront of the commercial vehicle industry, and are therefore critical to our success. We have made significant investments in our R&D activities during the Track Record Period, as we believe that our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects. Our total research and development expenses during the Track Record Period amounted to RMB347.7 million. As of June 30, 2024, our research and development team consisted of 244 members, representing 57.3% of total employees as of the same date. As there is a limited supply of research and development personnel with necessary experience and expertise, and such talent is highly sought after, we will continue to provide competitive compensation and benefits packages to attract talent. We also cultivate our in-house staff by providing them with appealing professional development opportunities.

Our ability to effectively control costs and expenses and improve efficiency

Our future profitability depends significantly on our ability to control costs and operating expenses, which are affected by a number of factors, such as costs of components, raw materials and other supplies, as well as our operational efficiency. We believe that as we ramp up the sales of our products and solutions, we will achieve economies of scale such that our costs and operating expenses as a percentage of our total revenue will decrease. Additionally, we will also explore different ways to enhance our manufacturing capabilities by partnering with contract manufacturers in order to meet mass production needs while controlling capital expenditure. Our operating expenses decreased as a percentage of revenue from 239.6% in 2021 to 165.6% in 2023, indicating improved operational efficiency.

We are constantly improving our operating efficiency in various areas. For instance, we have streamlined the project management process to enhance our R&D efficiency and reduce the time-to-market of products. Our sales team are well prepared to capture business opportunities based on customer demands, and are able to offer precise suggestions for product design and

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delivery, minimizing subsequent changes and rework in the production process. We have also improved our administrative management to reduce communication costs and improve collaboration efficiency.

Working capital management

Cash flow management is another major factor that affects our results of operations. Cash flow is crucial to sustaining operations, funding research and development, and investing in new technology. The timing of cash inflows from our customers relative to our cash outflows for operating expenses, capital expenditures, and supplier payments is crucial for maintaining liquidity and financial stability.

Our operating cash flow is influenced by our profitability, changes in working capital, and the timing of cash receipts and payments. Efficient management of receivables, payables, and inventory levels directly impacts our cash conversion cycle and our ability to generate positive cash flow from operations. In periods of growth, we may require significant investment in capital expenditures to keep pace with technological advancements. These investments can strain our cash resources, and we may need to seek external financing to support our capital needs. The terms and availability of such financing, as well as our ability to generate cash from operations, are key determinants of our ability to invest in growth opportunities and manage our capital structure effectively. During the Track Record Period, our net cash used in operating activities decreased from RMB82.3 million in the six month ended June 30, 2023 to RMB42.5 million in the six month ended June 30, 2024.

General factors

Our business and operating results are also affected by general factors affecting the commercial vehicle industry, which include:

- market demand for autonomous commercial vehicles;
- the evolution and market acceptance of autonomous driving technologies;
- the competitive landscape; and
- relevant laws and regulations, and governmental policies and initiatives.

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MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

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. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 to the Accountant's Report included in Appendix I to this document.

Revenue recognition

We recognize revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- we provide all of the benefits received and consumed simultaneously by the customer;
- we create and enhance an asset that the customer controls as we perform; or
- we do not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

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In determining whether revenue of our Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether our Group is acting as the principal or agent in offering goods or services to the customer, we need to first identify who controls the specified goods or services before they are transferred to the customer. We follow the accounting guidance for principal-agent considerations to assess whether we control the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. Our management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

At the inception of the contract, we assess the goods promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(i) Autonomous driving

Revenue generated from sales of autonomous driving solutions which combines the unmanned electric mining trucks and logistics trucks with remote control cockpit and full-stack solutions with proprietary algorithms and software, which is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the product has been transferred to the customer, generally upon the acceptance of the solutions.

We generally offer assurance-type warranties to customers and such warranties are not considered a distinct performance obligation to customers. We account for the warranty in accordance with IAS 37.

After the sales contracts have been signed, partial consideration will be collected by us. We began to stock up after collecting the prepayments. Before the solutions are delivered to the customers, partial consideration will be collected by us. The remaining consideration except for the amount of quality warranty will be collected during the credit period of customers. The amount of quality warranty will be collected after the end of the warranty period. We usually offer a warranty period of six months to one year.

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(ii) V2X products and solutions

We provide V2X products and solutions to our customers. Revenue is recognized when control over the products and solutions have been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from us as well as control the products and solutions until the products and solutions are delivered to the customer. The products and solutions generally have no alternative use for us due to contractual restrictions. However, an enforceable right to payment does not arise until the products and solutions are accepted by the customer. Therefore, revenue is recognized at a point in time when the products and solutions are accepted by the customer.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in the transactions. If we provide significant service to the products and solutions and is responsible for the overall management of the contract, we are the principal in the transaction and recognizes revenue in the gross amount of consideration to which we are entitled from the customer.

We report the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if we are not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

After the sales contracts have been signed, partial consideration will be collected by us. Then, after the products and solutions are delivered to the designated location of customers and are initially accepted by the customers, partial consideration will be collected by us. The remaining consideration except for the amount of quality warranty will be collected after the final acceptance of customers. The amount of quality warranty will be collected after the end of the warranty period. We usually offer a warranty period from one year to three years.

(iii) High-performance perception

Revenue generated from sales of high-performance perception solutions is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the solutions has been transferred to the customer, generally upon the acceptance of the products and solutions.

The consideration will be collected once through bank acceptance notes after the settlements with customers monthly. We usually offer a warranty period from one year to three years.

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(iv) Contract assets and liabilities

When either party to a contract has performed, we present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment. A contract asset is our right to consideration in exchange for services that we have transferred to a customer.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer goods to the customer, we have a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods to a customer for which we have received consideration from the customer. A receivable is recorded when we have 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.

Financial instruments with preferred rights at amortized cost

A contract that contains an obligation for us to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if our obligations to purchase are conditional on the counterparty exercising a right to redeem, the financial instrument with preferred rights are recognized as financial liability initially measured at fair value (representing the present value of the redemption amount) and subsequently measured at amortized cost with interest charged in finance costs.

We derecognize financial liabilities when, and only when, our obligations are discharged, canceled after the settlement by us has been made. The carrying amount of the financial instruments are reclassified to equity when and only when, our obligation (i.e. the redemption obligation) have expired, with the corresponding credit to the treasury stocks.

Share-based payment

The fair value of awarded shares granted to employees under the ESOP less amount paid by employees is recognized as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognized in equity in the share-based payment reserves. The fair value of the shares is measured at the grant date. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and

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- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, we revise our estimates of the number of shares that are expected to vest based on the service conditions. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, we include the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the shareholders to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of our Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of our Company.

Current and deferred income tax

The income tax expense or credit 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 income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where our Company and its subsidiaries 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

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interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. We measure our tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) 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 Historical Financial Information. However, deferred income tax liabilities are not recognized 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 each reporting period and are expected to apply when the related deferred income tax asset is realized 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 utilize 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 we are 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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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 realize 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 other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment.

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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 item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year/period in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Buildings	10 – 20 years
Vehicles	4 years
Machinery and equipment	5 years
Office equipment, computers and others	5 years
Tested field and related equipment	5 years
Leasehold improvements	shorter of the term of the lease or the estimated useful lives of the assets

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other (losses)/gains, net” in the consolidated statements of profit or loss and other comprehensive income.

Construction in progress represents unfinished construction and equipment under construction or pending for installation and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	<i>(RMB in thousands, except for percentage)</i>									
	(Unaudited)									
Revenue	77,385	100.0	31,056	100.0	132,604	100.0	45,140	100.0	258,461	100.0
Cost of sales	(51,763)	(66.9)	(37,051)	(119.3)	(105,781)	(79.8)	(38,346)	(84.9)	(214,082)	(82.8)
Gross profit/(loss)	25,622	33.1	(5,995)	(19.3)	26,823	20.2	6,794	15.1	44,379	17.2
Other income	9,479	12.2	7,406	23.8	11,199	8.4	3,898	8.6	5,798	2.2
Other (losses)/gains, net . . .	(22)	0.0	115	0.4	801	0.6	30	0.1	(102)	0.0
Impairment losses	(3,014)	(3.9)	(5,092)	(16.4)	3,589	2.7	3,354	7.4	(5,280)	(2.0)
Selling expenses	(17,473)	(22.6)	(23,148)	(74.5)	(31,404)	(23.7)	(16,124)	(35.7)	(23,611)	(9.1)
General and administrative expenses	(56,471)	(73.0)	(68,969)	(222.1)	(97,827)	(73.8)	(42,122)	(93.3)	(56,070)	(21.7)
Research and development costs	(111,451)	(144.0)	(110,507)	(355.8)	(90,396)	(68.2)	(41,580)	(92.1)	(35,339)	(13.7)
Finance costs, net.	(58,489)	(75.6)	(96,684)	(311.3)	(112,921)	(85.2)	(53,927)	(119.5)	(63,246)	(24.5)
Loss before income tax . . .	(211,819)	(273.7)	(302,874)	(975.3)	(290,136)	(218.8)	(139,677)	(309.4)	(133,471)	(51.6)
Income tax credit	32,275	41.7	39,877	128.4	35,057	26.4	16,636	36.9	10,904	4.2
Loss for the year/period. . .	(179,544)	(232.0)	(262,997)	(846.8)	(255,079)	(192.4)	(123,041)	(272.6)	(122,567)	(47.4)

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NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure that we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss for the periods as net loss for the periods adjusted by adding back: (i) share-based compensation, (ii) financial cost on financial instruments with preferred rights at amortized cost and (iii) [REDACTED] expenses. The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is net loss for the periods:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>			(Unaudited)	
Net loss for the year/period	(179,544)	(262,997)	(255,079)	(123,041)	(122,567)
Add:					
— Share-based compensation ⁽¹⁾	—	—	—	—	—
— Financial cost on financial instruments with preferred rights at amortized cost	65,540	104,136	117,528	57,604	63,119
— [REDACTED] expenses ⁽²⁾	—	—	—	—	—
Adjusted net loss for the year/period <i>(non-IFRS measure)</i>	<u>(114,004)</u>	<u>(158,861)</u>	<u>(137,551)</u>	<u>(65,437)</u>	<u>(59,448)</u>

Notes:

- (1) Share-based compensation relates to the non-cash employee benefit expenses incurred in connection with our award to management and key employees.
- (2) [REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED].

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived revenue from the (i) autonomous driving, (ii) V2X and (iii) high-performance perception solutions. Our revenue increased from RMB77.4 million in 2021 to RMB132.6 million in 2023 with a CAGR of 30.9%, and increased significantly by 472.6% from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024. We served 31, 44, 85 and 100 customers as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The table below sets forth our revenue breakdown by products and solutions in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>										
<i>(Unaudited)</i>										
Autonomous driving.	6,803	8.8	27,998	90.2	74,418	56.1	17,536	38.8	156,043	60.4
V2X	70,582	91.2	3,058	9.8	36,812	27.8	20,846	46.2	74,237	28.7
High-performance perception . . .	—	—	—	—	21,374	16.1	6,758	15.0	28,181	10.9
Total.	77,385	100.0	31,056	100.0	132,604	100.0	45,140	100.0	258,461	100.0

Autonomous driving

During the Track Record Period, revenue generated from sales of autonomous driving amounted to RMB6.8 million, RMB28.0 million, RMB74.4 million, RMB17.5 million and RMB156.0 million, respectively, accounting for 8.8%, 90.2%, 56.1%, 38.8% and 60.4% of our total revenue for the same periods, respectively. Our autonomous driving can be classified into two categories, namely full-stack autonomous mining solution and autonomous logistics truck solution. The continuous growth of revenue generated from sales of autonomous driving from 2021 to 2023 and from the six months ended June 30, 2023 to six months ended June 30, 2024 was mainly contributable to our increased sales volume and customer base in full-stack autonomous mining solution. See “— Period-to-Period Comparison of Results of Operations.”

V2X

During the Track Record Period, revenue generated from sales of V2X amounted to RMB70.6 million, RMB3.1 million, RMB36.8 million, RMB20.8 million and RMB74.2 million, respectively, accounting for 91.2%, 9.8%, 27.8%, 46.2% and 28.7% of our total revenue for the same periods,

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respectively. The fluctuation was primarily attributed to fluctuated acceptance period, expanded business scale and improvement of business model. See “ — Period-To-Period Comparison of Results of Operations.”

High-performance perception solutions

We started to generate revenue from sales of high-performance perception solutions in 2023. In 2023 and the six months ended June 30, 2023 and 2024, revenue generated from sales of high-performance perception solutions amounted to RMB21.4 million, RMB6.8 million and RMB28.2 million, respectively, accounting for 16.1%, 15.0% and 10.9% of our total revenue for the same periods, respectively. The revenue contribution from in-vehicle intelligent safety management solution significant increased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to our business expansion. The revenue contribution from train autonomous perception system remained relatively stable during the same period. See “— Period-To-Period Comparison of Results of Operations.”

Cost of Sales

Our cost of sales amounted to RMB51.8 million, RMB37.1 million, RMB105.8 million, RMB38.3 million and RMB214.1 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. During the Track Record Period, our cost of sales primarily consisted of material and processing costs, employee benefits expenses, warranties, provision for inventories. The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Material and processing costs . . .	36,435	70.3	8,968	24.3	71,502	67.6	17,489	45.6	185,438	86.6
Employee benefits expenses. . . .	6,459	12.5	19,837	53.5	14,696	13.9	7,247	18.9	5,868	2.7
Warranties ⁽¹⁾	3,523	6.8	970	2.6	4,366	4.1	1,593	4.2	10,886	5.1
Provision for inventories	2,004	3.9	5,235	14.1	11,825	11.2	10,059	26.2	753	0.4
Others ⁽²⁾	3,342	6.5	2,041	5.5	3,392	3.2	1,958	5.1	11,137	5.2
Total	51,763	100.0	37,051	100.0	105,781	100.0	38,346	100.0	214,082	100.0

Notes:

- (1) We provide product warranties on all new goods based on the contracts with our customers at the time of sale of goods.
- (2) Others mainly include outsourcing labor costs, office and traveling expenses, short-term lease expenses, legal, consulting and other professional fees and depreciation and amortization.

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Our material and processing costs significantly decreased from RMB36.4 million in 2021 to RMB9.0 million in 2022 reflecting our revenue fluctuation during the same period. Our material and processing costs increased from RMB9.0 million in 2022 to RMB71.5 million in 2023 and increased from RMB17.5 million in the six months ended June 30, 2023 to RMB185.4 million in the six months ended June 30, 2024, primarily due to an increase in the solution and product deliveries of full-stack autonomous mining solutions during the same periods.

Our employee benefits expenses increased from RMB6.5 million in 2021 to RMB19.8 million in 2022, primarily due to (i) an increase in the number of our employees in project implementation; (ii) an increase in employee expenses resulting from the large-scale implementation of our autonomous driving project in Jurong, Jiangsu (the “**Jurong Project**”) in 2022, which has sophisticated implementation requirements therefore took up significant manpower. According to CIC, the Jurong Project marked a significant milestone as China’s first autonomous electric mining project with full mining area coverage, which is also the first nationwide autonomous mining project certified by the NIM to exceed the efficiency of manual operations. After the acceptance of the Jurong Project, our employee benefits expenses gradually decreased from RMB19.8 million in 2022 to RMB14.7 million in 2023 and from RMB7.2 million in the six months ended June 30, 2023 to RMB5.9 million in the six months ended June 30, 2024.

Our provision for inventories increased from RMB2.0 million in 2021 to RMB5.2 million in 2022, and further increased to RMB11.8 million in 2023, primarily due to (i) the higher impairment of our raw materials due to their aging and (ii) the increased impairment loss on our V2X project in Chongqing. Our provision for impairment of inventories significantly decreased from RMB10.1 million in the six months ended June 30, 2023 to RMB0.8 million in the six months ended June 30, 2024, primarily due to the settlement of the aforementioned V2X project in the six months ended June 30, 2024 which resulted in the reversal of a relatively larger provision.

Our warranties decreased from RMB3.5 million in 2021 to RMB1.0 million in 2022, and further increased to RMB4.4 million in 2023, and increased from RMB1.6 million in the six months ended June 30, 2021 to RMB10.9 million in the six months ended June 30, 2024, generally in line with the fluctuation in revenue given that we typically offer warranties at the delivery of most of our projects, and in light of the rapid ramp-up of our sales scale in the autonomous driving.

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The following table sets forth a breakdown of our cost of sales by products and solutions in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>										
(Unaudited)										
Autonomous driving.	5,269	10.2	35,017	94.5	59,892	56.6	14,791	38.6	130,904	61.1
V2X	46,494	89.8	2,034	5.5	30,278	28.6	19,408	50.6	68,511	32.0
High-performance perception . . .	—	—	—	—	15,611	14.8	4,147	10.8	14,667	6.9
Total.	51,763	100.0	37,051	100.0	105,781	100.0	38,346	100.0	214,082	100.0

Our cost of sales for autonomous driving amounted to RMB5.3 million, RMB35.0 million, RMB59.9 million, RMB14.8 million and RMB130.9 million, respectively, in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, which was generally in line with our revenue from autonomous driving during the same periods. Meanwhile, our cost of sales for V2X amounted to RMB46.5 million, RMB2.0 million, RMB30.3 million, RMB19.4 million and RMB68.5 million, respectively, in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, corresponding to the revenue as well. See “— Period-To-Period Comparison of Results of Operations.”

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

We recorded gross profit of RMB25.6 million in 2021, gross loss of RMB6.0 million in 2022 and gross profit of RMB26.8 million, RMB6.8 million and RMB44.4 million in 2023 and the six months ended June 30, 2023 and 2024, respectively. Our gross margin was 33.1%, -19.3%, 20.2%, 15.1% and 17.2% in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by products and solutions for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Gross profit margin profit	%	Gross profit/(loss) margin profit/(loss)	%	Gross profit margin profit	%	Gross profit margin profit	%	Gross profit margin profit	%
<i>(RMB in thousands, except for percentage)</i>										
(Unaudited)										
Autonomous driving.	1,534	22.5	(7,019)	(25.1)	14,526	19.5	2,745	15.6	25,139	16.1
V2X	24,088	34.1	1,024	33.5	6,534	17.7	1,438	6.9	5,726	7.7
High-performance perception . . .	—	—	—	—	5,763	27.0	2,611	38.6	13,514	48.0
Total.	25,622	33.1	(5,995)	(19.3)	26,823	20.2	6,794	15.1	44,379	17.2

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Our gross margin experienced substantial fluctuations from 2021 to 2023, primarily because we recorded gross loss in 2022, which was mainly attributable to the gross loss in the Jurong Project. Our gross profit margin increased from 15.1% in the six months ended June 30, 2023 to 17.2% in the six months ended June 30, 2024, as a result of (i) the slight gross profit margin improvements in autonomous driving and (ii) the commencement of high-performance perception, which recorded significantly higher gross profit margin since 2023. See “— Period-To-Period Comparison of Results of Operations.”

Other Income

During the Track Record Period, our other income included (i) government grants, (ii) super-input VAT credit and (iii) others, primarily consists of non-operating income in relation to our disposal of fixed assets. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Government grants	9,423	99.4	7,265	98.1	10,979	98.0	3,767	96.6	3,494	60.2
Super-input VAT credit	—	—	—	—	18	0.2	—	—	2,161	37.3
Others ⁽¹⁾	56	0.6	141	1.9	202	1.8	131	3.4	143	2.5
Total	9,479	100.0	7,406	100.0	11,199	100.0	3,898	100.0	5,798	100.0

Note:

(1) Others primarily consists of non-operating income in relation to our disposal of fixed assets.

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Other (Losses)/Gains, Net

During the Track Record Period, our other (losses)/gains, net included (i) change in fair value of financial assets at FVTPL, (ii) gain on lease termination, (iii) losses and gains on disposal of property, plant and equipment and (iv) foreign currency exchange gain. The following table sets forth a breakdown of our other (losses)/gains, net for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>			(Unaudited)	
Change in fair value of financial assets at FVTPL	(22)	129	591	(60)	(102)
Gain on lease termination	—	—	90	90	7
Losses and gains on disposal of/written off property, plant and equipment . . .	—	(15)	120	—	(7)
Foreign currency exchange gain	—	1	—	—	—
Total	(22)	115	801	30	(102)

Impairment Losses

During the Track Record Period, our impairment losses primarily included impairment losses on (i) trade and notes receivables, (ii) contract assets, (iii) other receivables and (iv) financial guarantee contracts liability. We recorded financial guarantee contracts liabilities of RMB2.9 million in the six months ended June 30, 2024, primarily in relation to our finance lease arrangement in the same period. See “Business — Customers — Finance Lease Arrangements.” The following table sets forth a breakdown of our impairment losses for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>			(Unaudited)	
Impairment losses under ECL model, net of reversal					
Trade and notes receivables	(2,098)	(4,838)	4,131	3,283	(1,832)
Contract assets	(926)	(14)	95	34	(283)
Other receivables	10	(240)	(451)	37	(274)
Financial guarantee contracts liability	—	—	(186)	—	(2,891)
Total	(3,014)	(5,092)	3,589	3,354	(5,280)

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Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) employee benefits expenses, (ii) raw material and consumables used, (iii) depreciation and amortization, (iv) professional service fees and (v) others, mainly include office and traveling expenses and short-term lease expenses. Our research and development expenses amounted to RMB111.5 million, RMB110.5 million, RMB90.4 million, RMB41.6 million and RMB35.3 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. Historically, we have made significant investments in our research and development activities as we continued to develop our products and solutions and expanded our research and development team. During the Track Record Period, we did not capitalize R&D expenses nor allocate them by products. The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Employee benefits expenses. . . .	78,558	70.4	84,100	76.2	68,582	75.8	30,604	73.7	27,469	77.7
Raw material and consumables										
used	12,360	11.1	4,017	3.6	4,856	5.4	1,763	4.2	2,003	5.7
Depreciation and amortization . .	10,895	9.8	13,137	11.9	10,007	11.1	5,668	13.6	4,311	12.2
Professional service fees	6,299	5.7	7,456	6.7	4,680	5.2	2,426	5.8	987	2.8
Others ⁽¹⁾	3,339	3.0	1,797	1.6	2,271	2.5	1,119	2.7	569	1.6
Total	111,451	100.0	110,507	100.0	90,396	100.0	41,580	100.0	35,339	100.0

Note:

(1) Others mainly include office and traveling expenses and short-term lease expenses.

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Selling Expenses

During the Track Record Period, our selling expenses consisted of (i) employee benefits expenses, (ii) marketing expenses, mainly in relation to our promotional activities, advertising, and business development services from third-parties we engaged, (iii) office and traveling expenses, (iv) depreciation and amortization and (v) others, mainly include outsourcing labor costs, short-term lease expenses and legal, consulting and other professional fees. Our selling expenses amounted to RMB17.5 million, RMB23.1 million, RMB31.4 million, RMB16.1 million and RMB23.6 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total selling expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Employee benefits expenses. . . .	9,652	55.3	11,951	51.7	14,058	44.8	5,865	36.3	7,441	31.6
Marketing expenses	4,949	28.3	6,760	29.2	10,017	31.9	6,673	41.4	12,477	52.8
Office and traveling expenses. . .	1,783	10.2	2,431	10.5	4,281	13.6	1,882	11.7	2,087	8.8
Depreciation and amortization . .	931	5.3	1,816	7.8	1,921	6.1	1,095	6.8	703	3.0
Others ⁽¹⁾	158	0.9	190	0.8	1,127	3.6	609	3.8	903	3.8
Total	17,473	100.0	23,148	100.0	31,404	100.0	16,124	100.0	23,611	100.0

Note:

(1) Others mainly include outsourcing labor costs, short-term lease expenses and legal, consulting and other professional fees.

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General and Administrative Expenses

During the Track Record Period, our general and administrative expenses consisted of (i) employee benefits expenses, (ii) office and traveling expenses, (iii) depreciation and amortization, (iv) legal, consulting and other professional fees and (v) others, mainly include short-term lease expenses and outsourcing labor costs. Our administrative expenses amounted to RMB56.5 million, RMB69.0 million, RMB97.8 million, RMB42.1 million and RMB56.1 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. The increase in our general and administrative expenses during the Track Record Period was primarily attributable to our growing employee benefits expenses as well as depreciation and amortization, resulting from regular compensation adjustments and the reclassification of our industrial park from construction in progress into fixed assets. The following table sets forth a breakdown of our general and administrative expenses in absolute amount and as a percentage of our total administrative expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>									
	<i>(Unaudited)</i>									
Employee benefits expenses.	27,876	49.4	39,187	56.8	53,873	55.0	24,384	57.9	31,735	56.6
Office and traveling expenses.	12,900	22.8	15,704	22.8	16,502	16.9	7,920	18.8	7,039	12.6
Depreciation and amortization	5,261	9.3	7,247	10.5	16,436	16.8	5,729	13.6	12,233	21.8
Legal, consulting and other										
professional fees	8,445	15.0	5,488	8.0	7,430	7.6	2,513	6.0	2,520	4.5
Others ⁽¹⁾	1,989	3.5	1,343	1.9	3,586	3.7	1,576	3.7	2,543	4.5
Total	56,471	100.0	68,969	100.0	97,827	100.0	42,122	100.0	56,070	100.0

Note:

(1) Others mainly include short-term lease expenses and outsourcing labor costs.

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Finance Costs, Net

During the Track Record Period, our finance income primarily included (i) interest income from financial assets at FVTPL, (ii) interest income from cash at banks and (iii) interest income from term deposits. During the same periods, our finance costs included (i) financial cost on financial instruments with preferred rights at amortized cost, (ii) interest expenses on bank borrowings and (iii) interest expenses on lease liabilities. The following table sets forth a breakdown of our finance (costs)/income for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	Amount	Amount	Amount	Amount	Amount
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	
Finance income:					
Interest income from financial assets at					
FVTPL	4,458	258	11	11	—
Interest income from cash at banks	2,787	4,424	2,866	1,791	1,087
Interest income from term deposits	956	4,276	5,215	2,846	2,124
Other interest income.	—	—	87	—	161
	8,201	8,958	8,179	4,648	3,372
Finance costs:					
Financial cost on financial instruments					
with preferred rights at amortized cost .	(65,540)	(104,136)	(117,528)	(57,604)	(63,119)
Interest expenses on bank borrowings. . .	(552)	(1,156)	(3,364)	(889)	(3,431)
Interest expenses on lease liabilities. . . .	(598)	(350)	(208)	(82)	(68)
	(66,690)	(105,642)	(121,100)	(58,575)	(66,618)
Finance costs, net	(58,489)	(96,684)	(112,921)	(53,927)	(63,246)

Income Tax Credit

Our income tax credit amounted to RMB32.3 million, RMB39.9 million, RMB35.1 million, RMB16.6 million and RMB10.9 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate. See Note 13 of the Accountant’s Report included in Appendix I to this document.

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PRC

In accordance with the Enterprise Income Tax Law (“**EIT Law**”), Foreign Investment Enterprises (“**FIEs**”) and domestic companies established in Mainland China are subject to Enterprise Income Tax (“**EIT**”) at a rate of 25%. Our subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified. In December 2019, our Company qualified as a high and new technology enterprise (“**HNTE**”) and enjoyed a preferential tax rate of 15% from 2019 to 2021. In December 2022, our Company re-applies for HNTE status and the application was approved for another three-year period from 2022 to 2024. In October 2022, Novodriv Chongqing, one of our subsidiaries, was qualified as a HNTE and enjoyed a preferential tax rate of 15% from 2022 to 2024.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars 2 million and 16.5% for any assessable profits in excess. Since the subsidiary did not have assessable profits during the Track Record Period, no Hong Kong profits tax has been provided.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2024 Compared with Six Months Ended June 30, 2023

Revenue

Our revenue increased significantly from RMB45.1 million in the six months ended June 30, 2023 to RMB258.5 million in the six months ended June 30, 2024, due to increases in revenue generated from autonomous driving, V2X and high-performance perception solutions.

Autonomous Driving

Our revenue from autonomous driving increased significantly from RMB17.5 million in the six months ended June 30, 2023 to RMB156.0 million in the six months ended June 30, 2024, primarily due to an increase in revenue from our full-stack autonomous mining solution,

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attributable to increased sales volume resulting from our continual improvements in autonomous driving products and solutions, enhanced delivery capabilities and increased customer base and customer recognition.

V2X

Our revenue from V2X increased significantly from RMB20.8 million in the six months ended June 30, 2023 to RMB74.2 million in the six months ended June 30, 2024, primarily due to (i) revenue recognition in the six months ended June 30, 2024 from projects implemented in the previous period, (ii) the accelerated expansion of business scale and business model has reached its fast expansion stage after the commercialization and (iii) increased sales volume driven by the growth of customer demand.

High-Performance Perception Solutions

Our revenue from high-performance perception solutions increased significantly from RMB6.8 million in the six months ended June 30, 2023 to RMB28.2 million in the six months ended June 30, 2024. This was primarily due to the increased sales volume of in-vehicle intelligent safety management solution resulting from the successful commercialization of high-performance perception projects with major automotive OEMs, especially factory-installation of our in-vehicle intelligent safety management solution, as we started to generate revenue from such business in June 2023, with business expansion thereafter.

Cost of sales

Our cost of sales increased significantly from RMB38.3 million in the six months ended June 30, 2023 to RMB214.1 million in the six months ended June 30, 2024, which was generally in line with our revenue growth.

Autonomous Driving

Our cost of sales from autonomous driving increased from RMB14.8 million in the six months ended June 30, 2023 to RMB130.9 million in the six months ended June 30, 2024, generally in line with the increase in revenue.

V2X

Our cost of sales from V2X increased from RMB19.4 million in the six months ended June 30, 2023 to RMB68.5 million in the six months ended June 30, 2024, generally in line with the increase in revenue.

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High-Performance Perception Solutions

Our cost of sales from high-performance perception solutions increased from RMB4.1 million in the six months ended June 30, 2023 to RMB14.7 million in the six months ended June 30, 2024, primarily due to the increased sales volume of in-vehicle intelligent safety management solution.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB6.8 million in the six months ended June 30, 2023 to RMB44.4 million in the six months ended June 30, 2024. Our gross profit margin increased from 15.1% in the six months ended June 30, 2023 to 17.2% in the six months ended June 30, 2024 as a result of changes of product portfolio. In particular:

Autonomous Driving

Our gross profit margin for autonomous driving slightly increased from 15.6% in the six months ended June 30, 2023 to 16.1% in the six months ended June 30, 2024, primarily due to the increased average selling price.

V2X

Our gross profit margin for V2X remained relatively stable at 6.9% and 7.7% in the six months ended June 30, 2023 and 2024, respectively.

High-Performance Perception Solutions

Our gross profit margin for high-performance perception solutions increased from 38.6% in the six months ended June 30, 2023 to 48.0% in the six months ended June 30, 2024, primarily because (i) 2023 marked our initial commercialization of delivery high-performance perception solutions, during which we undertook relatively higher development costs for project implementation and (ii) the increased average selling price in train autonomous perception system and the relatively stable average selling price in in-vehicle intelligent safety management system.

Other income

Our other income increased by 48.7% from RMB3.9 million in the six months ended June 30, 2023 to RMB5.8 million in the six months ended June 30, 2024, primarily due to an increase in super-input VAT credit as we are eligible for additional VAT credits amounting to 5% of the current period’s creditable VAT input as a result of the VAT reform. See Note 9 to the Accountant’s Report included in Appendix I to this document.

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Other (losses)/gains, net

We recorded net other losses of RMB0.1 million in the six months ended June 30, 2024 as compared to net other gains of RMB0.03 million in the six months ended June 30, 2023, primarily due to change in fair value of financial assets at FVTPL in relation to our long term equity investment and lease termination in relation to the replacement of leased properties by one of our subsidiaries.

Impairment losses

We recorded reversal of net impairment losses of RMB3.4 million and impairment losses of RMB5.3 million in the six months ended June 30, 2023 and 2024, respectively, primarily due to (i) reversal of impairment losses on trade and notes receivables in relation to the Jurong Project in the six months ended June 30, 2023 and (ii) impairment loss from financial guarantee contracts liability in the six months ended June 30, 2024.

Research and development expenses

Our research and development expenses decreased by 15.0% from RMB41.6 million in the six months ended June 30, 2023 to RMB35.3 million in the six months ended June 30, 2024, primarily due to decreases in employee benefits expenses and depreciation and amortization, which reflect the [REDACTED] of our R&D needs as we advanced towards commercialization.

Selling expenses

Our selling expenses increased by 46.4% from RMB16.1 million in the six months ended June 30, 2023 to RMB23.6 million in the six months ended June 30, 2024, primarily due to an increase in marketing expenses resulting from our enhanced marketing efforts for full-stack autonomous mining solution, which was in line with our revenue growth and commercialization strategies during the same period.

General and administrative expenses

Our general and administrative expenses increased by 33.1% from RMB42.1 million in the six months ended June 30, 2023 to RMB56.1 million in the six months ended June 30, 2024, primarily due to (i) an increase in employee benefits expenses resulting from regular compensation adjustments and (ii) an increase in depreciation and amortization in relation to the reclassification of our industrial park from construction in progress into fixed assets.

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Finance costs, net

Our finance costs increased by 17.3% from RMB53.9 million in the six months ended June 30, 2023 to RMB63.2 million in the six months ended June 30, 2024, primarily due to an increase in financial cost on financial instruments with preferred rights at amortized cost.

Income tax credit

Our income tax credit decreased by 34.3% from RMB16.6 million in the six months ended June 30, 2023 to RMB10.9 million in the six months ended June 30, 2024, primarily due to a decrease in deductible tax losses.

Loss for the period

As a result of the foregoing, our loss for the period slightly decreased from RMB123.0 million in the six months ended June 30, 2023 to RMB122.6 million in the six months ended June 30, 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased significantly from RMB31.1 million in 2022 to RMB132.6 million in 2023, primarily due to increases in revenue generated from our autonomous driving, V2X and high-performance perception solutions.

Autonomous Driving

Our revenue from autonomous driving increased significantly from RMB28.0 million in 2022 to RMB74.4 million in 2023, primarily due to an increase in revenue from our full-stack autonomous mining solution, attributable to increased sales volumes resulting from our continual improvements in autonomous driving products and solutions.

V2X

Our revenue from V2X products and solutions increased significantly from RMB3.1 million in 2022 to RMB36.8 million in 2023, primarily due to (i) revenue recognition in 2023 from projects implemented in the previous year and (ii) the accelerated expansion of business scale and business model has reached its fast expansion stage after the commercialization.

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High-Performance Perception Solutions

We started to generate revenue from sales of train autonomous perception system and in-vehicle intelligent safety management solution and recorded revenue of RMB21.4 million in 2023.

Cost of sales

Our cost of sales increased significantly from RMB37.1 million in 2022 to RMB105.8 million in 2023, which was generally in line with our revenue growth.

Autonomous Driving

Our cost of sales from autonomous driving increased from RMB35.0 million in 2022 to RMB59.9 million in 2023, generally in line with the increase in revenue.

V2X

Our cost of sales from V2X increased from RMB2.0 million in 2022 to RMB30.3 million in 2023, generally in line with the increase in revenue.

High-Performance Perception Solutions

We record cost of sales of RMB15.6 million in high-performance perception solutions in 2023, as we started to generate revenue from sales of train autonomous perception system and in-vehicle intelligent safety management solution.

Gross profit/(loss) and gross profit/(loss) margin

As a result of the foregoing, we recorded gross profit of RMB26.8 million in 2023 as compared to gross loss of RMB6.0 million in 2022. We recorded gross profit margin of 20.2% in 2023 as compared to gross loss in 2022. Our gross profit margin overturned from 2022 to 2023, primarily due to (i) economies of scale from accumulated R&D, (ii) potential synergies from the R&D of Project Jurong spilling over to other similar projects and (iii) business expansion following the launch of the higher-margin high-performance perception solutions in 2023.

FINANCIAL INFORMATION

Autonomous Driving

Our autonomous driving overturned from gross loss in 2022 to gross profit margin of 19.5% in 2023. This improvement was primarily due to (i) the revenue recognition of the Jurong Project, our first large-scale implementation project with sophisticated requirements and significant manpower investment, which led to considerably higher costs of sales in 2022, (ii) in 2023, our autonomous driving began to benefit from economies of scale and a shorter acceptance period, which decreased our average project costs and (iii) the increased average selling price in 2023.

V2X

Our gross profit margin for V2X decreased from 33.5% in 2022 to 17.7% in 2023, primarily due to (i) our competitive pricing strategy to enhance market penetration, (ii) relatively higher cost of sales resulting from the extension of acceptance period for certain projects and (iii) we are still at a ramp-up stage.

High-Performance Perception Solutions

2023 marked our initial commercialization of delivery high-performance perception solutions, and we recorded gross profit margin of 27.0% from high-performance perception solutions.

Other income

Our other income increased by 51.2% from RMB7.4 million in 2022 to RMB11.2 million in 2023, primarily due to an increase in government grants we received related to our business operation and research and development activities.

Other gains, net

Our net other gains increased significantly from RMB0.1 million in 2022 to RMB0.8 million in 2023, primarily due to gain in fair value of financial assets at FVTPL in relation to our long term equity investment, gain on lease termination in relation to the replacement of leased properties by one of our subsidiaries and disposal of property, plant and equipment resulting from the disposal of our spare vehicles in 2023.

Impairment losses

We recorded reversal of impairment losses of RMB3.6 million in 2023 as compared to impairment losses of RMB5.1 million in 2022, primarily due to reversal of impairment losses on trade and notes receivables in relation to the Jurong Project in 2023.

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Research and development expenses

Our research and development expenses decreased by 18.2% from RMB110.5 million in 2022 to RMB90.4 million in 2023, primarily due to decreases in employee benefits expenses and depreciation and amortization, which reflects the stabilization of our R&D needs as we advanced towards commercialization.

Selling expenses

Our selling expenses increased by 35.7% from RMB23.1 million in 2022 to RMB31.4 million in 2023, primarily due to increases in employee benefits expenses and marketing expenses, which was in line with our revenue growth and commercialization strategies during the same period.

General and administrative expenses

Our general and administrative expenses increased by 41.8% from RMB69.0 million in 2022 to RMB97.8 million in 2023, primarily due to (i) an increase in employee benefits expenses resulting from our increased headcount and regular compensation adjustments and (ii) an increase in depreciation and amortization in relation to the reclassification of our industrial park from construction in progress into fixed assets.

Finance costs, net

Our finance costs increased by 16.8% from RMB96.7 million in 2022 to RMB112.9 million in 2023, primarily due to an increase in financial cost on financial instruments with preferred rights at amortized cost.

Income tax credit

Our income tax credit decreased by 12.1% from RMB39.9 million in 2022 to RMB35.1 million in 2023, primarily due to a decrease in deductible tax losses.

Loss for the year

As a result of the foregoing, our loss for the year decreased by 3.0% from RMB263.0 million in 2022 to RMB255.1 million in 2023.

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Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Revenue

Our revenue decreased by 59.9% from RMB77.4 million in 2021 to RMB31.1 million in 2022, primarily due to changes in our product and solution portfolio. In particular:

Autonomous Driving

Our revenue from autonomous driving products and solutions increased significantly from RMB6.8 million in 2021 to RMB28.0 million in 2022, primarily because we started to generate revenue from full-stack autonomous mining solution, attributable to the project acceptance of the Jurong Project in 2022.

V2X

Our revenue from V2X decreased by 95.7% from RMB70.6 million in 2021 to RMB3.1 million in 2022, primarily due to the impact of some projects we implemented in 2022 were not recognized as revenue in 2022. In the early stages of the commercialization of V2X, revenues are more sensitive to the extension of acceptance period for individual projects.

Cost of sales

Our cost of sales decreased by 28.4% from RMB51.8 million in 2021 to RMB37.1 million in 2022, which was generally in line with our revenue fluctuation.

Autonomous Driving

Our cost of sales from autonomous driving increased from RMB5.3 million in 2021 to RMB35.0 million in 2022, primarily due to the increased cost of sales from the Jurong Project which has sophisticated implementation requirements therefore took up significant manpower. According to CIC, the Jurong Project marked a significant milestone as China’s first autonomous electric mining project with full mining area coverage, which is also the first nationwide autonomous mining project certified by the NIM to exceed the efficiency of manual operations.

V2X

Our cost of sales from V2X decreased from RMB46.5 million in 2021 to RMB2.0 million in 2022, generally in line with the revenue fluctuation.

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Gross profit/(loss) and gross profit/(loss) margin

As a result of the foregoing, we recorded gross loss of RMB6.0 million in 2022 as compared to gross profit of RMB25.6 million in 2021. We recorded gross loss in 2022 as compared to gross profit margin of 33.1% in 2021, primarily due to changes in our product and solution portfolio. In particular:

Autonomous Driving

Our autonomous driving recorded gross profit margin of 22.5% in 2021 and gross loss margin of 25.1% in 2022. The relatively higher gross profit margin in 2021 was mainly due to our revenue being primarily generated from autonomous logistics truck solutions, which do not require the higher procurement costs related to mining trucks, as compared to full-stack autonomous mining solutions, and thus entail a comparatively higher gross profit margin. The gross loss margin in 2022 was primarily due to the Jurong Project, our first large-scale implementation project under full-stack autonomous mining solutions with sophisticated requirements and significant manpower investment, which led to considerably higher costs of sales in 2022.

V2X

Our V2X gross profit margin remained relatively stable at 34.1% and 33.5% in 2021 and 2022, respectively, yet it is less representative as our V2X had barely recorded any revenue during the year given the delay in project acceptance.

Other income

Our other income decreased by 21.9% from RMB9.5 million in 2021 to RMB7.4 million in 2022, primarily due to a decrease in government grants we received related to our business operation and research and development activities.

Other (losses)/gains, net

We recorded net other losses of RMB0.02 million in 2021 as compared to net other gains of RMB0.1 million in 2022, primarily due to our recognition of gains in fair value of financial assets at FVTPL in 2022 in relation to our long term equity investment.

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Impairment losses

Our impairment losses increased by 68.9% from RMB3.0 million in 2021 to RMB5.1 million in 2022, primarily due to an increase in impairment losses on trade and notes receivables firstly recognized in relation to the Jurong Project for prudence. A substantial portion of such impairment had been subsequently reverted back after 2022.

Research and development expenses

Our research and development expenses remained relatively stable at RMB111.5 million in 2021 and RMB110.5 million in 2022, respectively. The relatively higher R&D expenses were primarily due to higher R&D investments in the early stage of our commercialization.

Selling Expenses

Our selling expenses increased by 32.5% from RMB17.5 million in 2021 to RMB23.1 million in 2022, primarily due to increases in employee benefits expenses and marketing expenses resulting from our increased headcount and regular compensation adjustments.

General and administrative expenses

Our general and administrative expenses increased by 22.1% from RMB56.5 million in 2021 to RMB69.0 million in 2022, primarily due to an increase in employee benefits expenses resulting from our increased headcount and regular compensation adjustments.

Finance costs, net

Our finance costs increased by 65.3% from RMB58.4 million in 2021 to RMB96.7 million in 2022, primarily due to an increase in financial cost on financial instruments with preferred rights at amortized cost.

Income tax credit

Our income tax credit increased by 23.6% from RMB32.3 million in 2021 to RMB39.9 million in 2022, primarily due to an increase in deferred tax assets.

Loss for the year

As a result of the foregoing, our loss for the year increased by 46.5% from RMB179.5 million in 2021 to RMB263.0 million in 2022.

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DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Non-current assets				
Property, plant and equipment	222,683	331,756	332,792	320,098
Right-of-use assets	48,054	44,497	42,683	45,026
Intangible assets	1,299	2,575	2,292	2,001
Deferred tax assets	77,375	117,252	152,318	163,222
Prepayments and other receivables . . .	3,446	3,881	17,486	22,592
Term deposits	80,825	190,101	5,177	5,252
Financial assets at fair value through profit or loss (“FVTPL”).	67	525	2,116	2,014
Total non-current assets	433,749	690,587	554,864	560,205
Non-current liabilities				
Borrowings	—	101,800	3,700	66,500
Lease liabilities	3,592	1,875	608	536
Deferred income	2,360	—	—	—
Financial instruments with preferred rights at amortized cost	1,264,220	1,625,922	1,766,025	1,829,144
Total non-current liabilities	1,270,172	1,729,597	1,770,333	1,896,180

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Property, plant and equipment

Our property, plant and equipment primarily consisted of buildings, vehicles, machinery and equipment, office equipment and others, tested field and related equipment, construction in progress and leasehold improvements. Our property, plant and equipment increased by 49.0% from RMB222.7 million as of December 31, 2021 to RMB331.8 million as of December 31, 2022, primarily due to an increase in construction progress attributable to our industrial park for office and production use. Our property, plant and equipment remained relatively stable at RMB331.8 million as of December 2022, RMB332.8 million as of December 31, 2023 and RMB320.1 million as of June 30, 2024.

Right-of-use assets

Our right-of-use assets primarily consisted of leasehold land and leasehold buildings. Our right-of-use assets decreased by 7.4% from RMB48.1 million as of December 31, 2021 to RMB44.5 million as of December 31, 2022, and further decreased by 4.1% to RMB42.7 million as of December 31, 2023, primarily due to regular depreciation. Our right-of-use assets increased by 5.5% from RMB42.7 million as of December 31, 2023 to RMB45.0 million as of June 30, 2024, primarily due to an increase in leasehold building in relation to the new leased office by one of our subsidiaries in the six months ended June 30, 2024.

Deferred tax assets

Our deferred tax assets primarily consisted of lease liability, unrealized intercompany profits, impairment allowance, provision, tax losses, deferred income and ROU asset. Our deferred tax assets increased from RMB77.4 million as of December 31, 2021 to RMB117.3 million as of December 31, 2022, and further increased to RMB152.3 million as of December 31, 2023 and RMB163.2 million as of June 30, 2024.

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Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
Current assets					
Inventories	77,214	123,465	174,227	115,568	92,521
Trade and notes receivables	5,340	30,772	58,680	87,383	92,619
Prepayments and other receivables	37,338	56,082	90,426	87,471	145,097
Contract assets	2,899	2,887	9,834	8,293	7,030
Financial assets at FVTPL	—	30,130	—	—	489
Financial assets at fair value through other comprehensive income (“FVTOCI”)	556	395	9,799	6,753	2,478
Income tax recoverable	3	3	458	458	1,080
Restricted bank deposits	13,382	27,806	27,819	749	10,207
Term Deposits	—	—	147,411	43,960	5,000
Cash and cash equivalents	500,789	381,678	234,663	331,979	344,409
Total current assets	637,521	653,218	753,317	682,614	700,930
Current liabilities					
Trade and notes payables	21,708	41,530	70,689	52,709	79,092
Contract liabilities	18,198	46,757	86,124	70,552	58,745
Borrowings	—	44,606	123,834	103,086	141,558
Lease liabilities	6,688	4,566	2,980	7,210	4,270
Other payables and accruals	89,376	76,728	106,465	78,080	75,020
Income tax payables	—	—	9	—	—
Provisions	4,048	1,938	4,743	14,565	389
Total current liabilities	140,018	216,125	394,844	326,202	359,074
Net current assets	497,503	437,093	358,473	356,412	341,856

Our net current assets decreased by 12.1% from RMB497.5 million as of December 31, 2021 to RMB437.1 million as of December 31, 2022, primarily due to (i) a decrease in cash and cash equivalents, (ii) an increase in borrowings and (iii) an increase in trade and notes payables, partially offset by an increase in financial assets at FVTPL.

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Our net current assets decreased by 18.0% from RMB437.1 million as of December 31, 2022 to RMB358.5 million as of December 31, 2023, primarily due to (i) a decrease in cash and cash equivalents, (ii) an increase in borrowings and (iii) an increase in contract liabilities, partially offset by an increase in prepayments and other receivables.

Our net current assets remained relatively stable at RMB358.5 million as of December 31, 2023 and RMB356.4 million as of June 30, 2024, primarily due to (i) an increase in cash and cash equivalents as a result of the maturity of significant term deposits within the six months ending June 30, 2024, and (ii) a decrease in other payables and accruals.

Our net current assets decreased by 3.8% from RMB356.4 million as of June 30, 2024 to RMB341.9 million as of September 30, 2024, primarily due to (i) an increase in borrowings and (ii) an increase in trade and notes payables, partially offset by a decrease in contract liabilities.

Inventories

Our inventories primarily consisted of contract costs in progress, raw materials, finished goods and consigned-processing-material. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Contract costs in progress ⁽¹⁾	40,057	88,364	151,691	83,304
Raw material	31,543	35,146	31,526	35,413
Finished goods	6,678	6,228	6,885	8,532
Consigned-processing-material	940	966	3,104	132
Less: provision	2,004	7,239	18,979	11,813
Total	77,214	123,465	174,227	115,568

Note:

(1) Contract costs in progress mainly include the direct materials, employee costs and manufacturing costs to be consumed in the process of service rendering related to the sales contracts.

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Our inventories increased by 59.9% from RMB77.2 million as of December 31, 2021, to RMB123.5 million as of December 31, 2022, and further increased by 41.1% to RMB174.2 million as of December 31, 2023, primarily due to an increase in contract costs in progress resulting from an increase in the number of ongoing orders during the same periods. Our inventories decreased by 33.7% from RMB174.2 million as of December 31, 2023 to RMB115.6 million as of June 30, 2024, primarily due to the re-classification from contract costs in progress into cost of sales along with the eventual project acceptance, in particular, certain V2X projects, during the same period.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months
	2021	2022	2023	ended June 30, 2024
Inventory turnover days ⁽¹⁾	452.8	988.5	513.6	121.8

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year/period divided by cost of sales for the relevant year/period and multiplied by 365/180 days.

Our inventory turnover days increased from 452.8 days in 2021 to 988.5 days in 2022, primarily due to the extension of acceptance period in relation to certain V2X projects in 2022, leading to increased contract costs in progress rather than cost of sales, and the correspondent delay in revenue recognition further brought down the revenue during that year. These two factors together resulted in increased inventory balances as of December 31, 2022. Being in the early stage of our commercialization, our inventory was more sensitive to fluctuations in the project acceptance period. Our inventory turnover days decreased to 513.6 days in 2023, primarily due to project acceptance of the aforementioned V2X projects. Our inventory turnover days further decreased from 513.6 days in 2023 to 121.8 days in the six months ended June 30, 2024, primarily due to improvements in our inventory management.

As of September 30, 2024, RMB46.6 million, or 36.6% of our inventories as of June 30, 2024, had been consumed or sold subsequent to June 30, 2024.

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Trade and notes receivables

Our trade and notes receivables primarily represent receivables in relation to our autonomous driving, V2X and high-performance perception solutions. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Trade receivables	7,208	34,464	52,880	88,927
Notes receivables	100	3,114	8,475	2,963
Less: provision for impairment	1,968	6,806	2,675	4,507
Total	5,340	30,772	58,680	87,383

We typically set forth the trading terms with our customers in the relevant sales contracts. For trade receivables, we usually grant credit terms of up to 180 days. We seek to maintain strict control over our outstanding receivables. Our credit control department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management.

Our trade and notes receivables increased significantly from RMB5.3 million as of December 31, 2021 to RMB30.8 million as of December 31, 2022, primarily due to project acceptance and revenue recognition of the Jurong Project in 2022. Our trade and notes receivables further increased to RMB58.7 million as of December 31, 2023 and RMB87.4 million as of June 30, 2024, primarily due to an increase in our sales in autonomous driving and project acceptance of certain V2X projects during the same period.

The following table sets out an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Up to three months	2,249	29,863	34,825	43,921
Three to six months	707	6	2,014	10,144
Six to nine months	211	431	6,530	20,965
Nine to 12 months	—	82	1,632	2,022
Over 12 months	4,041	4,082	7,879	11,875
Total	7,208	34,464	52,880	88,927

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The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,			Six months
	2021	2022	2023	ended June 30,
				2024
Trade receivables turnover days ⁽¹⁾	36.5	244.9	120.2	49.4

Note:

- (1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables (excluding provision for impairment) for a year/period divided by revenue for the relevant year/period and multiplied by 365/180 days.

Our trade receivables turnover days increased from 36.5 days in 2021 to 244.9 days in 2022, primarily due to project acceptance and revenue recognition of the Jurong project in 2022, resulting in a relatively higher ending balance of our trade receivables in the same year, while the total revenue in 2022 was relatively low. Our trade receivables turnover days decreased to 120.2 days in 2023, primarily due to our enhanced efforts in receivables management. Our trade receivables turnover days further decreased to 49.4 days in the six months ended June 30, 2024, primarily due to the growth of our business scale and our enhanced efforts in receivables management.

As of September 30, 2024, RMB22.8 million, or 25.6% of our trade receivables as of June 30, 2024, had been settled subsequent to June 30, 2024.

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Prepayments and other receivables — current portion

Our prepayments and other receivables primarily consisted of (i) prepayments made to the third-party suppliers, (ii) prepayments made to the ultimate holding company of the Company, (iii) prepayments made on behalf of customers and (iv) value-added tax recoverable. The following table sets out a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Prepayments made to the third party suppliers	8,290	9,321	16,145	9,402
Prepayments made to the ultimate holding company of the Company . .	3,660	3,660	660	—
Prepayments made to a related party of the Company	29	—	—	—
Amount due from the employee	1,280	179	43	769
Amount due from the third party	25	77	29	28
Payments made on behalf of customers	20	8,696	27,849	21,825
Loans to employees	456	822	1,966	1,999
Loan to a third party	—	—	3,075	8,246
Value-added tax recoverable	22,610	28,835	31,471	31,644
Deposits	1,003	4,767	9,765	14,338
	37,373	56,357	91,003	88,251
Less: provision for impairment	(35)	(275)	(577)	(780)
Total	37,338	56,082	90,426	87,471

Our prepayments and other receivables increased by 50.2% from RMB37.3 million as of December 31, 2021 to RMB56.1 million as of December 31, 2022, primarily due to (i) an increase in payments on behalf of customers in relation to receivables arising from the request from one of our V2X clients to purchase certain products on their behalf, which is one-off in nature and (ii) an increase in value-added tax recoverable. Our prepayments and other receivables further increased by 61.1% from RMB56.1 million as of December 31, 2022 to RMB90.4 million as of December 31, 2023, primarily due to (i) an increase in payments on behalf of customers in relation to receivables arising from the request from one of our V2X clients to purchase certain products on their behalf, which is one-off in nature, (ii) an increase in value-added tax recoverable and (iii) an increase in prepayments made to the third party suppliers in relation to payment for mining trucks. Our prepayments and other receivables remained relatively stable at RMB90.4 million as of

FINANCIAL INFORMATION

December 31, 2023 and RMB87.5 million as of June 30, 2024 primarily due to the combined effect of (i) an increase in deposits, reflecting our expanded business scale and (ii) a decrease in payments made on behalf of customers, primarily due to the fulfillment of their payment obligations.

Trade and notes payables

Our trade and notes payables primarily consisted of notes payables and trade payables, mainly representing our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. During the Track Record Period, our suppliers generally granted us credit periods of up to 90 days. The following table sets out a breakdown of our trade and note payables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Notes payables	—	2,256	29,600	2,921
Trade payables	21,708	39,274	41,089	49,788
Total	21,708	41,530	70,689	52,709

Our trade and notes payables increased from RMB21.7 million as of December 31, 2021 to RMB41.5 million as of December 31, 2022, and further increased by 70.2% from RMB41.5 million as of December 31, 2022 to RMB70.7 million as of December 31, 2023, primarily due to an increase in our procurement as we expanded our business and production scale. Our trade and notes payables decreased by 25.4% from RMB70.7 million as of December 31, 2023 to RMB52.7 million as of June 30, 2024, primarily due to (i) the settlement of trade payables related to our autonomous driving and (ii) the maturity of significant notes payable within the six months ending June 30, 2024.

The following table sets out an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Up to six months	19,001	27,935	23,526	27,570
Six to 12 months	2,423	3,094	7,278	9,097
Over 12 months	284	8,245	10,285	13,121
Total	21,708	39,274	41,089	49,788

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The following table sets forth our trade payables turnover days for the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Trade payables turnover days ⁽¹⁾	125.2	300.4	138.6	38.2

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year/period divided by cost of sales used for the relevant year/period and multiplied by 365/180 days.

Our trade payables turnover days increased from 125.2 days in 2021 to 300.4 days in 2022, primarily due to a relatively lower cost of sales in 2022. Our trade payables turnover days decreased to 138.6 days in 2023 and further decreased to 38.2 days in the six months ended June 30, 2024, primarily due to the settlement of certain major projects in the respective period, leading to a decreased balance of trade payables.

As of September 30, 2024, RMB7.4 million, or 14.8% of our trade payables as of June 30, 2024, had been settled subsequent to June 30, 2024.

Other payables and accruals

Our other payables and accruals primarily consisted of payroll and welfare payables, accruals, other taxes payable and amount due to third parties. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>(RMB in thousands)</i>			
Payroll and welfare payables	26,716	30,384	25,370	11,832
Government grants	—	2,360	—	—
Other taxes payable	93	1,791	264	635
Amount due to third parties	—	500	3,562	1,437
Other payable arising from the business of V2X products and solutions	6	419	34,523	20,499
Accruals	747	1,008	2,379	1,111
Payables for purchases of PPE	55,308	40,168	38,755	39,362
Payables for purchases of intangible assets	—	98	—	127
Transaction costs payable	6,506	—	1,426	—
Financial guarantee contracts liability	—	—	186	3,077
Total	89,376	76,728	106,465	78,080

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Our other payables and accruals decreased by 14.2% from RMB89.4 million as of December 31, 2021 to RMB76.7 million as of December 31, 2022, primarily due to decreases in (i) payables for purchases of PPE as a result of the near completion of construction of our industrial park and (ii) transaction costs payables in relation to our financing costs. Our other payables and accruals further increased by 38.8% to RMB106.5 million as of December 31, 2023, primarily due to an increase in other payable arising from the business of V2X products and solutions in response to the request from one of our V2X clients to purchase certain products on their behalf, which is one-off in nature. Our other payables and accruals decreased by 26.7% from RMB106.5 million as of December 31, 2023 to RMB78.1 million as of June 30, 2024, primarily due to (i) a decrease in payroll and welfare payables, which primarily because the payroll and welfare payables as of December 31, 2023 included the annual bonus and (ii) a decrease in other payable arising from the business of V2X products and solutions resulting from our settlements to aforementioned amount in the six months ended June 30, 2024.

Contract liabilities

Our contract liabilities primarily represented advance payments from our customers for products that have not yet been provided to such customers. Our contract liabilities increased from RMB18.2 million as of December 31, 2021 to RMB46.8 million as of December 31, 2022, and further increased to RMB86.1 million as of December 31, 2023, primarily due to an increase in advance payments from our customers as a results of the increase in our sales of autonomous driving and V2X during the same period. Our contract liabilities decreased from RMB86.1 million as of December 31, 2023 to RMB70.6 million as of June 30, 2024, primarily due to part of contract liabilities as of December 31, 2023 was recognized as revenue in the six months ended June 30, 2024.

Provision

Our provision represents warranties from sales of our products and solutions. Our provision decreased from RMB4.0 million as of December 31, 2021 to RMB1.9 million as of 2022, primarily due to relatively limited number of accepted projects we have in 2022. Our provision increased from RMB1.9 million as of December 31, 2022 to RMB4.7 million as of December 2023 and further to RMB14.6 million as of June 30, 2024, primarily as a result of the increased completion of acceptance on full-stack autonomous mining solutions and V2X projects in 2023 and the six months ended June 30, 2024.

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LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net cash used in operating activities . . .	(201,675)	(203,053)	(196,761)	(82,273)	(42,481)
Net cash generated from/(used in)					
investing activities	(71,685)	(302,384)	58,972	637	104,878
Net cash generated from/(used in)					
financing activities	574,886	386,326	(9,226)	(36,823)	34,919
Cash and cash equivalents at beginning					
of year	199,263	500,789	381,678	381,678	234,663
Cash and cash equivalents at end of					
 year	500,789	381,678	234,663	263,219	331,979

Net Cash Flows Used in Operating Activities

In the six months ended June 30, 2024, we had net cash used in operating activities of RMB42.5 million, which represents our loss before income tax of RMB133.4 million, as adjusted by non-cash and non-operating items, primarily comprising of interest income from term deposits of RMB2.1 million, partially offset by movements in working capital, primarily comprising of decrease in trade and notes payables and other payables of RMB37.9 million and decrease in contract liabilities of RMB15.6 million, partially offset by increase in inventories of 57.9 million.

In 2023, we had net cash used in operating activities of RMB196.8 million, which represents our loss before income tax of RMB290.1 million, as adjusted by non-cash and non-operating items, primarily comprising of interest income from term deposits of RMB5.2 million, partially offset by movements in working capital, primarily comprising of increase in trade and notes

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receivables and other receivables and prepayments of RMB63.4 million and increase in inventories of RMB62.6 million, increase in trade and notes payables and other payables of RMB61.2 million and increase in contract liabilities of RMB39.4 million.

In 2022, we had net cash used in operating activities of RMB203.1 million, which represents our loss before income tax of RMB302.9 million, as adjusted by non-cash and non-operating items, primarily comprising of interest income from term deposits of RMB4.3 million, partially offset by movements in working capital, primarily comprising of increase in inventories of RMB51.5 million and increase in trade and notes receivables and other receivables and prepayments of RMB35.5 million and increase in trade and notes payables and other payables of RMB23.8 million.

In 2021, we had net cash used in operating activities of RMB201.7 million, which represents our loss before income tax of RMB211.8 million, as adjusted by non-cash and non-operating items, primarily comprising interest income from financial assets at FVTPL of RMB4.5 million, partially offset by movements in working capital, primarily comprising of decrease in contract liabilities of RMB52.6 million, partially offset by an increase in trade and notes payables and other payables of RMB22.2 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In the six months ended June 30, 2024, our net cash flows generated from investing activities was RMB104.9 million, which was primarily attributable to repayment from term deposits of RMB100.0 million.

In 2023, our net cash flows generated from investing activities was RMB59.0 million, which was primarily attributable to (i) repayment from term deposits of RMB40.0 million and (ii) proceed received at the maturity of financial assets at FVTPL of RMB30.0 million, partially offset by purchase of property, plant and equipment of RMB29.7 million.

In 2022, our net cash flows used in investing activities was RMB302.4 million, which was primarily attributable to (i) purchase of property, plant and equipment of RMB152.6 million, (ii) purchase of term deposits of RMB105.0 million and (iii) purchase of financial assets at FVTPL of RMB30.5 million.

In 2021, our net cash flows used in investing activities was RMB71.7 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB530.0 million and (ii) purchase of property, plant and equipment of RMB160.9 million, partially offset by proceed received at the maturity of financial assets at FVTPL of RMB698.0 million.

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Net Cash Flows Generated from/(Used in) Financing Activities

In the six months ended June 30, 2024, our net cash flows generated from financing activities were RMB34.9 million, primarily attributable to proceeds from bank borrowings, partially offset by repayment of bank borrowings of RMB98.4 million.

In 2023, our net cash flows used in financing activities were RMB9.2 million, primarily attributable to repayment of bank borrowings of RMB44.5 million, primarily offset by (i) proceeds from bank borrowings of RMB25.7 million and (ii) proceeds from issuance of shares with preferred rights of RMB24.0 million.

In 2022, our net cash flows generated from financing activities were RMB386.3 million, primarily attributable to (i) proceeds from issuance of shares with preferred rights of RMB270.3 million and (ii) proceeds from bank borrowings of RMB146.1 million, primarily offset by transaction costs for acquisition of capital contributions from investors of RMB19.9 million.

In 2021, our net cash flows generated from financing activities were RMB574.9 million, primarily attributable to proceeds from issuance of shares with preferred rights of RMB634.0 million, partially offset by (i) repayment of bank borrowings of RMB35.0 million and (ii) transaction costs for acquisition of capital contributions from investors of RMB16.8 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>				
Workforce employment ⁽¹⁾	112,032	150,652	155,767	86,909	85,897
Direct production costs, including					
materials ⁽²⁾	67,564	75,507	164,809	85,684	121,843
R&D costs ⁽³⁾	14,261	10,797	6,985	3,001	1,764
Product marketing	9,884	11,172	14,759	7,445	17,148
Total	203,741	248,128	342,320	183,039	226,652

Notes:

- (1) Workforce employment represents staff costs mainly including salaries and wages.
- (2) Direct production costs, including materials mainly represent raw material and consumables costs.
- (3) R&D costs mainly represent testing fees and technical service expenses.

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INDEBTEDNESS

As of December 31, 2021, 2022 and 2023, June 30, 2024 and September 30, 2024, our indebtedness included borrowings, lease liabilities, contingent liabilities or guarantees, and financial instruments with preferred rights at amortized cost. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Current					
Borrowings	—	44,606	123,834	103,086	141,558
Lease liabilities	6,688	4,566	2,980	7,210	4,270
Non-current					
Borrowings	—	101,800	3,700	66,500	66,500
Lease liabilities	3,592	1,875	608	536	413
Contingent liabilities or guarantees	—	—	186	3,077	3,077
Financial instruments with preferred rights at amortized cost	1,264,220	1,625,922	1,766,025	1,829,144	1,861,580
Total	1,274,500	1,778,769	1,897,333	2,009,553	2,077,397

Except for our indebtedness as disclosed above as of December 31, 2021, 2022 and 2023, June 30, 2024 and September 30, 2024, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured.

Borrowings

As of December 31, 2021, 2022, 2023 and June 30, 2024 and September 30, 2024, we had borrowings of nil, RMB146.4 million, RMB127.5 million, RMB169.6 million and RMB208.1 million, respectively, mainly representing secured and unsecured bank loans primarily to supplement our working capital. Our borrowings are all denominated in Renminbi. The effective interest rate on our bank loans ranged from 3.20% to 5.00% during the Track Record Period. As of the September 30, 2024, our unutilized banking facilities amounted to RMB174.2 million.

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Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2021, 2022 and 2023 and June 30, 2024 and September 30, 2024, our total lease liabilities (including current and non-current portions) amounted to RMB10.3 million, RMB6.4 million, RMB3.6 million, RMB7.7 million and RMB4.7 million, respectively.

Our total lease liabilities decreased by 37.3% from RMB10.3 million as of December 31, 2021 to RMB6.4 million as of December 31, 2022, primarily due to amortization of lease liabilities over the lease terms. Our total lease liabilities decreased by 44.3% from RMB6.4 million as of December 31, 2022 to RMB3.6 million as of December 31, 2023, primarily in relation to the expiration and renewal of leased properties. Our total lease liabilities increased by 115.9% from RMB3.6 million as of December 31, 2023 to RMB7.7 million as of June 30, 2024, mainly due to the renewal of leased properties. Our total lease liabilities decreased by 39.0% from RMB7.7 million as of June 30, 2024 to RMB4.7 million as of September 30, 2024, mainly due to repayments of lease liabilities.

Contingent Liabilities or Guarantees

As of December 31, 2021, 2022 and 2023 and June 30, 2024 and September 30, 2024, our total contingent liabilities or guarantees amounted to nil, nil, RMB0.2 million, RMB3.1 million and RMB3.1 million, respectively.

Our contingent liabilities or guarantees increased from RMB0.2 million as of December 31, 2023 to RMB3.1 million as of June 30, 2024 and RMB3.1 million as of September 30, 2024, primarily in relation to our financial guarantee contracts liability.

Financial Instruments with Preferred Rights at Amortized Cost

As of December 31, 2021, 2022 and 2023 and June 30, 2024 and September 30, 2024, our financial instruments with preferred rights at amortized cost amounted to RMB1,264.2 million, RMB1,625.9 million, RMB1,766.0 million, RMB1,829.1 million and RMB1,861.6 million, respectively, primarily in relation to our Series A financing to Series C+ financing.

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No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of September 30, 2024, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since September 30, 2024.

CONTINGENT LIABILITIES

Save as disclosed above, as of December 31, 2021, 2022 and 2023 and June 30, 2024 and September 30, 2024, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2021	2022	2023	2024
Gross profit margin (%) ⁽¹⁾	33.1	(19.3)	20.2	17.2
Adjusted net loss margin (non-IFRS measure) (%) ⁽²⁾	(147.3)	(511.5)	(103.7)	(23.0)
Current ratio ⁽³⁾	4.6	3.0	1.9	2.1
Quick ratio ⁽⁴⁾	4.0	2.5	1.5	1.7
Cash ratio ⁽⁵⁾	3.6	1.9	0.6	1.0

Notes:

- (1) Gross profit/(loss) margin equals gross profit/(loss) divided by revenue and multiplied by 100%.
- (2) Adjusted net margin equals adjusted net loss margin for the year/period (non-IFRS measure) divided by revenue for the year/period and multiplied by 100%. The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the IFRS.
- (3) Current ratio equals current assets divided by current liabilities as of the same date.
- (4) Quick ratio equals current assets less inventories divided by current liabilities as of the same date.

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- (5) Cash ratio equals the sum of cash and cash equivalents and financial assets at fair value through profit or loss recorded as current assets divided by the total current liabilities as of the same date.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D expenses adjusted by adding back intangible assets acquired from a third party and capitalized in connection with R&D software and deducting amortization expense of capitalized intangible assets included in R&D expenditure. The table below sets forth our annual and total R&D expenditure for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
R&D expenses	111,451	110,507	90,396
Adjustments:			
Add: Intangible assets acquired from a third party and capitalized in connection with R&D software.	—	999	38
Less: Amortization expense of capitalized intangible assets included in R&D expenditure.	95	239	337
Annual R&D expenditure	111,356	111,267	90,097
Total R&D expenditure			312,720⁽¹⁾

Note:

- (1) Total R&D expenditure for the three financial years prior to [REDACTED].

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The table below sets forth our annual and total operating expenditure for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
R&D expenses	111,451	110,507	90,396
Selling expenses	17,473	23,148	31,404
General and administrative expenses	56,471	68,969	97,827
Adjustments:			
Add: Intangible assets acquired from a third party and capitalized in connection with R&D software.	—	999	38
Less: Amortization expense of capitalized intangible assets included in R&D expenditure.	95	239	337
Annual total operating expenditure	185,300	203,384	219,328
Total operating expenditure			608,012⁽¹⁾

Note:

(1) Total R&D expenditure for the three financial years prior to [REDACTED].

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Annual R&D expenditure ratio⁽¹⁾	60.1	54.7	41.1
Total R&D expenditure ratio			51.4⁽²⁾

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to [REDACTED] by total operating expenditure for the three financial years prior to [REDACTED].

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CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of purchase of property, plant and equipment and purchase of intangible assets. The table below sets forth our capital expenditure for the years indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>	
Purchase of property, plant and equipment	160,922	152,611	29,713	29,382	584
Purchase of intangible assets	1,198	808	699	122	42
Total	162,120	153,419	30,412	29,504	626

In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, our capital expenditures were RMB162.1 million, RMB153.4 million, RMB30.4 million, RMB29.5 million and RMB0.6 million, respectively. We funded these expenditures mainly with cash generated from our operation and financing activities.

Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

In March 2023, we entered into an agreement to invest in 9.7% equity interests of Chengdu Xidi Rongchuang Entrepreneurship Investment Partnership (Limited Partnership) with a total investment of RMB9.8 million. Our Company paid the investment of RMB1 million in November 2023. The committed amount will be due for payment before August 2030. See Note 35 to the Accountant’s Report included in Appendix I to this document.

As of June 30, 2024, we have commitment to inject capital to our subsidiary, Anhui CiDi Engineering Technology Co., Ltd, amounted to RMB2.55 million. The committed amount will be due for payment before May 2029.

Save as disclosed above, during the Track Record Period, we did not have any material capital commitments.

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RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 36 of the Accountant’s Report included in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 36 to the Accountant’s Report included in Appendix I to this document was conducted in the ordinary course of business on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS MANAGEMENT

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 3 of the Accountant’s Report included in Appendix I to this document.

Market Risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB.

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As of December 31, 2021, 2022, 2023 and June 30, 2024, we were not exposed to significant foreign exchange risk. We regularly monitor our foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk.

Cash flow and fair value interest rate risk

Our interest rate risk primarily arises from borrowings, financial instruments with preferred rights at amortized cost, financial assets measured at FVTPL, cash and cash equivalents, restricted bank deposits and term deposits. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 28 of the Accountant's Report included in Appendix I to this document. We did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for each reporting period.

As of December 31, 2021, 2022, 2023 and June 30, 2024, we were not exposed to significant interest rate risk. We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate risk.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, restricted bank deposits, term deposits, trade and notes receivables, contract assets, other receivables, financial assets at FVTOCI and financial guarantee contracts liability. The carrying amount of each class of the above assets represents our maximum exposure to credit risk in relation to the corresponding class of assets.

Credit risk of cash and cash equivalents, restricted bank deposits and term deposits

To manage this risk, our domestic subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. 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. The credit losses are assessed to be immaterial.

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Credit risk of trade and notes receivables and contract assets

We apply the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets 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. We have identified the Gross Domestic Product (“GDP”) and the growth rate of information technology industry to be the most relevant factor in Mainland China in the credit risk assessment, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes receivables were mainly bank acceptance notes aged less than six months. We measure credit risk using probability of default, exposure at default and loss given default. We have assessed that the expected credit losses rate for bank acceptance notes receivables are immaterial, and thus the loss allowance is immaterial.

Credit risk of other receivables

Other receivables mainly comprise payments made on behalf of customers, amount due from the third parties, amount due from the employee, deposits, loan to a third party and loans to the employee. The management of our Company makes individual assessment on the recoverability of payments made on behalf of customers, amount due from the third parties, amount due from the employee deposits, loan to a third party and loans to the employee based on historical settlement records and past experiences. We measure credit risk using probability of default, exposure at default and loss given default.

For impairment on payments made on behalf of customers, amount due from the third parties, amount due from the employee, deposits, loan to a third party and loans to the employee, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to ‘Stage 3’

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and the expected credit loss is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

Credit risk of financial assets at FVTOCI

Financial assets at FVTOCI comprise receivables financing. Receivables financing mainly represents bills of acceptance issued by banks for the sale of goods. We expect that the change of fair value associated with bank bills of acceptance is considered to be immaterial since they have original maturities of six months or less and the accepting banks are state-owned banks and other large listed banks with good reputation and high credit rating.

Credit risk of financial guarantee contracts liability

The management of our Company makes individual assessment on the expected credit losses of financial guarantee contracts. We measure credit risk using probability of default, exposure at default and loss given default.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. We historically financed our working capital requirements through borrowing from bank, issue of financial instruments with preferred rights at amortized cost.

Management monitors rolling forecasts of our liquidity reserve on the basis of expected cash flows.

For financial instruments with preferred rights at amortized cost, please refer to Note 29 of the Accountant's Report included in Appendix I to this document for more details.

DIVIDENDS AND DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be

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first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including our future operating cash flows in respective periods, cash and cash equivalents, financial assets at fair value through profit or loss, term deposits, restricted bank deposits, available equity financing and unutilized bank facilities, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, selling expenses, administrative expenses and other operating costs for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) purchase of property, plant and equipment, (iii) purchase of intangible assets, (iv) repayment of lease liabilities, (v) interest paid on lease liabilities and (vi) interest paid on bank borrowings. Our historical cash burn rate was RMB31.9 million, RMB29.5 million, RMB20.1 million, RMB10.0 million and RMB4.1 million in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively, mainly representing our investment in R&D activities. We had cash and cash equivalents, financial assets at fair value through profit or loss, term deposits, restricted bank deposits and unutilized bank facilities of RMB446.0 million as of June 30, 2024. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] in this Document. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in 2023, based on the underlying assumptions that (i) the number of our employees will not increase significantly, particularly in the R&D department; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions of fixed assets, we estimate that our cash and cash equivalents, financial assets at fair value through profit or loss, term deposits, restricted bank deposits and unutilized bank facilities as of June 30, 2024 will be able to maintain our financial viability for [22] months or, if we take in to account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months or, if we also take into account the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2024, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED] expenses. We expect to incur [REDACTED] expenses of approximately RMB[REDACTED], of which approximately RMB[REDACTED] is expected to be recognized in the consolidated statements of profit or loss as general administrative expenses and approximately RMB[REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in [2024]. By nature, our [REDACTED] expenses are comprised of (i) [REDACTED] related expenses of approximately RMB[REDACTED], and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED].

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since June 30, 2024, being the end date of the periods reported in Appendix I to this document, and there is no event since June 30, 2024 that would materially affect the information as set out in the Accountant’s Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, 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 AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for our research and development in the next five years, including:

Investments in R&D of next-generation autonomous driving platform

- i. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the R&D team of our next-generation autonomous driving platform, which is expected to further accelerate the continuous advancement of our commercial vehicle autonomous driving technology and core algorithms. We plan to (i) expand our R&D team by recruiting top scientists and engineers from around the world, as well as talent from world-class universities in autonomous driving technology; (ii) remunerate our existing R&D personnel to ensure the stability and continuity of our R&D progress; and (iii) offer our R&D personnel comprehensive professional training to enhance their interdisciplinary and multi-dimensional technological application skills.
- ii. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the integration of software, hardware and algorithms of our next-generation autonomous driving platform. Our need for cloud computing resources and R&D and testing equipment and software is increasing with the ongoing accumulation of data and scenarios, coupled with the continuous improvement of training algorithms. Therefore, leveraging our existing R&D platform, we intend to invest further in upgrading our technical infrastructure, including, but not limited to, cloud service resources, specialized laboratories, and software systems. Such initiative will enhance our autonomous driving computing

FUTURE PLANS AND USE OF [REDACTED]

power and algorithm capabilities, improve the modularity of algorithms and product configurations, and optimize our R&D and solution-testing processes, promoting the continuous expansion of autonomous driving solution applications.

Investments in V2X and high-performance perception upgrading projects

- i. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the R&D team of our V2X and a high-performance perception upgrading, which is expected to provide customers with more advanced solutions in V2X and high-performance perception by optimizing the performance of software and hardware equipment such as sensor suites, intelligent processing units, and intelligent dispatching systems. We plan to (i) recruit experienced R&D and testing personnel for hardware and software systems; (ii) remunerate our existing R&D personnel to ensure the stability and continuity of our R&D progress; and (iii) offer our R&D personnel comprehensive professional training to enhance their interdisciplinary and multi-dimensional technological application skills.
 - ii. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the upgrading of our R&D software and hardware equipment. We plan to purchase and enhance computing resources and other hardware to improve the performance of intelligent perception suites, including LiDAR, visual sensors, and millimeter-wave radars. In addition, we plan to utilize such equipment to explore localized alternatives for V2X intelligent processing, further develop the intelligent scheduling system and software function modules, optimize the core algorithm of multi-sensor fusion, enhance deep embedded optimization, and reduce the cost of kit products such as computing power units and sensors.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for improvement our commercialization capabilities in China and overseas and further strengthening our cooperation with domestic and global customers, including:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enhancement of sales and marketing capabilities and delivery capabilities, including (i) expanding our sales and service network, improving the quality of services, and enhancing product customization to meet customer needs for autonomous driving applications, (ii) increasing brand awareness by (a) recruiting more marketing and sales personnel with industry expertise to strengthen our sales and marketing team, and (b) actively engaging in marketing activities, such as exhibitions and conferences and (iii) enhancing our engineering and delivery teams by recruiting technical experts with specialized backgrounds in

FUTURE PLANS AND USE OF [REDACTED]

autonomous driving, aiming to elevate the quality and standards of our deliveries and technical support capabilities to align with our expanding business scale. Such efforts will allow us to engage more OEMs, expand our customer base and scale our business; and

- (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enhancing the international footprint by (i) expanding the overseas sales channel and sales network, recruiting experienced sales personnel in overseas markets and improving the efficiency of overseas sales and marketing activities; and (ii) building an overseas localization service team, covering operation, engineering and delivery, and customer on-site technical support, to improve our localization service capabilities.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for potential investment, and merger and acquisition opportunities aimed at further integrating upstream and downstream resources in the industrial chain. We will strategically seek appropriate investment and M&A opportunities to expand our business both upstream and downstream within the industry chain, aiming to effectively integrate our business resources, ensuring supply chain stability and enhancing our delivery capabilities across various application scenarios. Our potential investment and acquisition targets include (i) suppliers with robust R&D and delivery capabilities in hardware, software systems, and key components for autonomous driving, and (ii) suppliers with strong production and delivery capabilities in autonomous driving vehicles and V2X hardware.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be employed as working capital and for general corporate uses.

In the event that the [REDACTED] is set at the [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED]), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED]) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED]).

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will 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 used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

[REDACTED]

[REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[•] to I-[127], received from the Company’s reporting accountants, BDO Limited, 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 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.



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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CiDi INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of CiDi Inc. (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, 31 December 2022, 31 December 2023 and 30 June 2024, and the statements of financial position of the Company as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the “**Track Record Period**”) and 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 initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 accountants’ 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 accountants’ 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 accountants consider 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 accountants’ report, a true and fair view of the Company’s financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Group’s financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative historical financial information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (together the “**Stub Period Comparative Historical Financial Information**”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (“**IAASB**”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-5 have been made.

Dividends

We refer to Note 40 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[BDO Limited]

Certified Public Accountants

[Lam Tsz Ka]

Practising Certificate no. P06838

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the IAASB (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
						(Unaudited)
Revenue	6	77,385	31,056	132,604	45,140	258,461
Cost of sales	7	(51,763)	(37,051)	(105,781)	(38,346)	(214,082)
Gross profit/(loss)		25,622	(5,995)	26,823	6,794	44,379
Other income	9	9,479	7,406	11,199	3,898	5,798
Other (losses)/gains, net	10	(22)	115	801	30	(102)
Impairment losses	11	(3,014)	(5,092)	3,589	3,354	(5,280)
Selling expenses	7	(17,473)	(23,148)	(31,404)	(16,124)	(23,611)
General and administrative expenses . .	7	(56,471)	(68,969)	(97,827)	(42,122)	(56,070)
Research and development expenses . .	7	(111,451)	(110,507)	(90,396)	(41,580)	(35,339)
Operating loss		(153,330)	(206,190)	(177,215)	(85,750)	(70,225)
Finance income	12	8,201	8,958	8,179	4,648	3,372
Finance costs	12	(66,690)	(105,642)	(121,100)	(58,575)	(66,618)
Finance costs — net	12	(58,489)	(96,684)	(112,921)	(53,927)	(63,246)
Loss before income tax		(211,819)	(302,874)	(290,136)	(139,677)	(133,471)
Income tax credit	13	32,275	39,877	35,057	16,636	10,904
Loss for the year/period		<u>(179,544)</u>	<u>(262,997)</u>	<u>(255,079)</u>	<u>(123,041)</u>	<u>(122,567)</u>
Loss and total comprehensive loss for the year/period attributable to the equity holders of the Company		<u>(179,544)</u>	<u>(262,997)</u>	<u>(255,079)</u>	<u>(123,041)</u>	<u>(122,567)</u>
Loss per share attributable to the equity holders of the Company (in RMB)						
Basic and diluted loss per share for loss attributable to the equity holders of the Company (in RMB) . .	14	<u>[(11.03)]</u>	<u>[(16.16)]</u>	<u>[(15.67)]</u>	<u>[(7.56)]</u>	<u>[(7.53)]</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment (“PPE”)	16	222,683	331,756	332,792	320,098
Right-of-use assets (“ROU assets”)	17	48,054	44,497	42,683	45,026
Intangible assets	18	1,299	2,575	2,292	2,001
Deferred tax assets	19	77,375	117,252	152,318	163,222
Prepayments and other receivables	24	3,446	3,881	17,486	22,592
Term deposits	27	80,825	190,101	5,177	5,252
Financial assets at fair value through profit or loss (“FVTPL”)	22	67	525	2,116	2,014
Total non-current assets		433,749	690,587	554,864	560,205
Current assets					
Inventories	20	77,214	123,465	174,227	115,568
Trade and notes receivables	26	5,340	30,772	58,680	87,383
Prepayments and other receivables	24	37,338	56,082	90,426	87,471
Contract assets	25	2,899	2,887	9,834	8,293
Financial assets at FVTPL	22	—	30,130	—	—
Financial assets at fair value through other comprehensive income (“FVTOCI”)	23	556	395	9,799	6,753
Income tax recoverable		3	3	458	458
Restricted bank deposits	27	13,382	27,806	27,819	749
Term deposits	27	—	—	147,411	43,960
Cash and cash equivalents	27	500,789	381,678	234,663	331,979
Total current assets		637,521	653,218	753,317	682,614
Total assets		1,071,270	1,343,805	1,308,181	1,242,819
Current liabilities					
Trade and notes payables	30	21,708	41,530	70,689	52,709
Contract liabilities	6	18,198	46,757	86,124	70,552
Borrowings	28	—	44,606	123,834	103,086
Lease liabilities	17	6,688	4,566	2,980	7,210
Other payables and accruals	31	89,376	76,728	106,465	78,080
Income tax payables		—	—	9	—
Provision	32	4,048	1,938	4,743	14,565
Total current liabilities		140,018	216,125	394,844	326,202
Net current assets		497,503	437,093	358,473	356,412
Total assets less current liabilities		931,252	1,127,680	913,337	916,617

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION — CONTINUED

	<i>Notes</i>	As at 31 December			As at 30 June
		2021	2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities					
Borrowings	28	—	101,800	3,700	66,500
Lease liabilities	17	3,592	1,875	608	536
Deferred income	33	2,360	—	—	—
Financial instruments with preferred rights at amortized cost	29	1,264,220	1,625,922	1,766,025	1,829,144
Total non-current liabilities.		<u>1,270,172</u>	<u>1,729,597</u>	<u>1,770,333</u>	<u>1,896,180</u>
Total liabilities.		<u>1,410,190</u>	<u>1,945,722</u>	<u>2,165,177</u>	<u>2,222,382</u>
Net liabilities.		<u>(338,920)</u>	<u>(601,917)</u>	<u>(856,996)</u>	<u>(979,563)</u>
Capital and reserves					
Capital and reserves attributable to owners of the Company					
Paid-in capital.	38	37,028	38,279	38,381	38,381
Treasury stock	39	(1,197,841)	(1,468,141)	(1,492,141)	(1,492,141)
Reserves	39	1,167,468	1,436,517	1,460,415	1,460,415
Accumulated losses		(345,575)	(608,572)	(863,651)	(986,218)
Total deficit.		<u>(338,920)</u>	<u>(601,917)</u>	<u>(856,996)</u>	<u>(979,563)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December			As at 30 June
		2021	2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets					
Property, plant and equipment	16	21,186	16,933	12,293	10,139
Right-of-use assets	17	6,864	2,288	2,921	5,563
Intangible assets	18	1,299	2,575	2,292	2,001
Deferred tax assets	19	74,994	112,988	147,051	157,707
Investment in subsidiaries	15	77,439	103,939	119,259	119,259
Prepayments and other receivables	24	160,252	234,240	172,674	201,780
Term deposits	27	80,825	190,101	5,177	5,252
Financial assets at FVTPL	22	67	525	2,116	2,014
Total non-current assets		422,926	663,589	463,783	503,715
Current assets					
Inventories	20	76,055	122,221	158,169	97,506
Trade and notes receivables	26	7,566	32,017	61,666	90,294
Prepayments and other receivables	24	58,954	79,493	164,231	235,780
Contract assets	25	2,868	2,887	8,404	7,007
Financial assets at FVTPL	22	—	30,130	—	—
Financial assets at FVTOCI	23	356	—	7,849	5,976
Income tax recoverable		3	3	3	3
Restricted bank deposits	27	13,382	27,806	27,819	749
Term deposits	27	—	—	147,411	43,960
Cash and cash equivalents	27	437,099	269,589	145,688	256,226
Total current assets		596,283	564,146	721,240	737,501
Total assets		1,019,209	1,227,735	1,185,023	1,241,216
Current liabilities					
Trade and notes payables	30	22,586	50,334	82,829	68,358
Contract liabilities	6	14,437	39,822	67,623	51,474
Borrowings	28	—	39,475	33,711	103,086
Lease liabilities	17	5,702	2,955	1,641	5,563
Other payables and accruals	31	32,507	32,022	38,469	20,872
Provision	32	3,944	1,846	4,587	14,402
Total current liabilities		79,176	166,454	228,860	263,755
Net current assets		517,107	397,692	492,380	473,746
Total assets less current liabilities		940,033	1,061,281	956,163	977,461

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY — CONTINUED

	<i>Notes</i>	As at 31 December			As at 30 June
		2021	2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities					
Borrowings	28	—	11,800	3,700	66,500
Lease liabilities	17	2,955	—	—	—
Deferred income	33	2,360	—	—	—
Financial instruments with preferred rights at amortized cost	29	1,264,220	1,625,922	1,766,025	1,829,144
Total non-current liabilities.		<u>1,269,535</u>	<u>1,637,722</u>	<u>1,769,725</u>	<u>1,895,644</u>
Total liabilities.		<u>1,348,711</u>	<u>1,804,176</u>	<u>1,998,585</u>	<u>2,159,399</u>
Net liabilities.		<u>(329,502)</u>	<u>(576,441)</u>	<u>(813,562)</u>	<u>(918,183)</u>
Capital and reserves					
Paid-in capital.	38	37,028	38,279	38,381	38,381
Treasury stock	39	(1,197,841)	(1,468,141)	(1,492,141)	(1,492,141)
Reserves	39	1,167,468	1,436,517	1,460,415	1,460,415
Accumulated losses		(336,157)	(583,096)	(820,217)	(924,838)
Total deficit.		<u>(329,502)</u>	<u>(576,441)</u>	<u>(813,562)</u>	<u>(918,183)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company				
	Paid-in capital	Treasury stock	Reserves	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021.	31,061	(563,843)	539,437	(166,031)	(159,376)
Comprehensive loss					
Loss for the year	—	—	—	(179,544)	(179,544)
Total comprehensive loss for the year . .	—	—	—	(179,544)	(179,544)
Transactions with owners in their capacity as owners					
Capital contributions from the equity holders of the Company	5,967	—	628,031	—	633,998
Effect of financial instruments with preferred rights at amortized cost.	—	(633,998)	—	—	(633,998)
Total transactions with owners in their capacity as owners for the year.	5,967	(633,998)	628,031	—	—
As at 31 December 2021 and 1 January 2022	<u>37,028</u>	<u>(1,197,841)</u>	<u>1,167,468</u>	<u>(345,575)</u>	<u>(338,920)</u>
Comprehensive loss					
Loss for the year	—	—	—	(262,997)	(262,997)
Total comprehensive loss for the year . .	—	—	—	(262,997)	(262,997)
Transactions with owners in their capacity as owners					
Capital contributions from the equity holders of the Company	1,251	—	269,049	—	270,300
Effect of financial instruments with preferred rights at amortized cost.	—	(270,300)	—	—	(270,300)
Total transactions with owners in their capacity as owners for the year.	1,251	(270,300)	269,049	—	—
As at 31 December 2022.	<u>38,279</u>	<u>(1,468,141)</u>	<u>1,436,517</u>	<u>(608,572)</u>	<u>(601,917)</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY — CONTINUED

	Attributable to the equity holders of the Company				
	Paid-in capital	Treasury stock	Reserves	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023.	38,279	(1,468,141)	1,436,517	(608,572)	(601,917)
Comprehensive loss					
Loss for the year	—	—	—	(255,079)	(255,079)
Total comprehensive loss for the year . .	—	—	—	(255,079)	(255,079)
Transactions with owners in their capacity as owners					
Capital contributions from the equity holders of the Company	102	—	23,898	—	24,000
Effect of financial instruments with preferred rights at amortized cost.	—	(24,000)	—	—	(24,000)
Total transactions with owners in their capacity as owners for the year.	102	(24,000)	23,898	—	—
As at 31 December 2023 and 1 January 2024	38,381	(1,492,141)	1,460,415	(863,651)	(856,996)
As at 1 January 2023.	38,279	(1,468,141)	1,436,517	(608,572)	(601,917)
Comprehensive loss					
Loss for the period	—	—	—	(123,041)	(123,041)
Total comprehensive loss for the period	—	—	—	(123,041)	(123,041)
As at 30 June 2023 (Unaudited).	38,279	(1,468,141)	1,436,517	(731,613)	(724,958)
As at 1 January 2024.	38,381	(1,492,141)	1,460,415	(863,651)	(856,996)
Comprehensive loss					
Loss for the period	—	—	—	(122,567)	(122,567)
Total comprehensive loss for the period	—	—	—	(122,567)	(122,567)
As at 30 June 2024	38,381	(1,492,141)	1,460,415	(986,218)	(979,563)

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities						
Loss before income tax		(211,819)	(302,874)	(290,136)	(139,677)	(133,471)
Adjustments for:						
Depreciation of property, plant and equipment	7	11,901	16,708	21,479	9,588	12,938
Amortisation of intangible assets	7	643	1,053	1,430	687	758
Depreciation of right-of-use assets	7	5,504	5,966	7,116	3,232	4,016
Impairment losses under expected credit losses (“ECL”) model	11	3,014	5,092	(3,589)	(3,354)	5,280
Loss/(gain) on disposal of/written off property, plant and equipment	10	—	15	(120)	—	7
Gain on lease termination	10	—	—	(90)	(90)	(7)
Provision for inventories	7	2,004	5,235	11,825	10,059	753
Change in fair value of financial assets at FVTPL	10	22	(129)	(591)	60	102
Interest income from financial assets at FVTPL	12	(4,458)	(258)	(11)	(11)	—
Interest income from term deposits	12	(956)	(4,276)	(5,215)	(2,846)	(2,124)
Interest income from loan to a third party	12	—	—	(71)	—	(161)
Interest income from loan to a related party of the Company	12	—	—	(16)	—	—
Finance costs	12	66,690	105,642	121,100	58,575	66,618
Operating cash flows before movements in working capital		(127,455)	(167,826)	(136,889)	(63,777)	(45,291)
(Increase)/Decrease in inventories	20	(27,989)	(51,487)	(62,586)	(37,851)	57,906
(Increase)/Decrease in trade and notes receivables and other receivables and prepayments	24, 26	(13,521)	(35,475)	(63,358)	12,733	(29,903)
(Increase)/Decrease in contract assets	25	(2,870)	1	(6,852)	(1,853)	1,259
(Increase)/Decrease in restricted bank deposits	27	—	(672)	(27,142)	677	27,070
Increase/(Decrease) in trade and notes payables and other payables	30, 31	22,211	23,847	61,154	(30,907)	(37,941)
(Decrease)/Increase in contract liabilities		(52,618)	28,559	39,367	39,160	(15,572)
Cash used in operations		(202,242)	(203,053)	(196,306)	(81,818)	(42,472)
Income taxes recovered/(paid)		567	—	(455)	(455)	(9)
Net cash used in operating activities		(201,675)	(203,053)	(196,761)	(82,273)	(42,481)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS — CONTINUED

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Investing activities						
Proceeds from disposal of property, plant and equipment		876	30	169	—	4
Purchase of property, plant and equipment		(160,922)	(152,611)	(29,713)	(29,382)	(584)
Purchase of intangible assets		(1,198)	(808)	(699)	(122)	(42)
Purchase of financial assets at FVTPL		(530,000)	(30,500)	(1,000)	—	—
Advance to a third party		—	—	(9,800)	—	—
Advance to a related party of the Company		—	—	(3,000)	(3,000)	—
Repayment from a related party of the Company		—	—	3,000	3,000	—
Placement of term deposits		(80,000)	(105,000)	—	—	—
Repayment from term deposits		10,000	—	40,000	—	100,000
Proceeds received at the maturity of financial assets at FVTPL		698,000	—	30,000	30,000	—
Interest income received from financial assets at FVTPL		4,708	258	141	141	—
Interest income received from term deposits		227	—	2,727	—	5,500
Interest income received from a related party of the Company		—	—	17	—	—
Placement of restricted bank deposits		(13,376)	(27,100)	—	—	—
Repayment from restricted bank deposits		—	13,347	27,130	—	—
Net cash (used in)/generated from investing activities		(71,685)	(302,384)	58,972	637	104,878
Financing activities						
Proceeds from issuance of shares with preferred rights		633,998	270,300	24,000	—	—
Transaction costs for acquisition of capital contributions from investors		(16,803)	(19,891)	—	—	(1,440)
Proceeds from bank borrowings	34	—	146,143	25,700	10,700	140,500
Repayment of bank borrowings	34	(35,000)	—	(44,543)	(39,343)	(98,400)
Interest paid on bank borrowings	34	(595)	(3,017)	(5,754)	(3,062)	(3,479)
Repayment of lease liabilities	34	(6,116)	(6,859)	(8,421)	(5,036)	(2,194)
Interest paid on lease liabilities	34	(598)	(350)	(208)	(82)	(68)
Net cash generated from/(used in) financing activities		574,886	386,326	(9,226)	(36,823)	34,919
Net increase/(decrease) in cash and cash equivalents		301,526	(119,111)	(147,015)	(118,459)	97,316
Cash and cash equivalents at beginning of year/period		199,263	500,789	381,678	381,678	234,663
Cash and cash equivalents at the end of year/period, represented by bank balances and cash		500,789	381,678	234,663	263,219	331,979

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

CiDi Inc. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 16 October 2017 as a limited liability company. The Company’s registered office and the principal place of business activities is located at Building A3 and A4, Hunan Inspection and Testing Specialty Industrial Park, No. 336, Xueshi Road, Yuelu District, Changsha City, Hunan Province, the PRC.

Upon approval by the shareholders’ general meeting held on 28 May 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from “Changsha Intelligent Driving Institute (長沙智能駕駛研究院有限公司)” to “CiDi Inc. (希迪智駕(湖南)股份有限公司)” on 2 July 2024.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Company is Li Zexiang.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in providing autonomous driving products and solutions for commercial vehicles.

The detailed information of major subsidiaries was disclosed in Note 15.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

The material 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.

The statutory financial statements have not yet been issued for the years ended 31 December 2021, 31 December 2022 and 31 December 2023. There is no statutory requirement to issue the audit report for the PRC company.

2.1 Basis of Preparation

The Historical Financial Information of the Group have been prepared based on the accounting policies set out in Note 2.2 which conform with IFRS Accounting Standards issued by International Accounting Standards Board (“**IASB**”).

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ACCOUNTANTS’ REPORT

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at FVTPL and financial assets at FVTOCI, which are carried at fair value.

The Group is in the development phase and has been incurring losses from operations since incorporation. The Group incurred losses of RMB179,544,000, RMB262,997,000, RMB255,079,000, RMB123,041,000 (unaudited) and RMB122,567,000 for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and the period ended 30 June 2023 and 30 June 2024, respectively. Also, the Group’s net cash used in operating activities was RMB201,675,000, RMB203,053,000, RMB196,761,000, RMB82,273,000 (unaudited) and RMB42,481,000 for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and the period ended 30 June 2023 and 30 June 2024, respectively, attributable primarily to significant R&D expenditures. As at 30 June 2024, the Group has cash and cash equivalents of RMB331,979,000 and net liabilities of RMB979,563,000, attributable primarily to the financial instruments with preferred rights at amortized cost with an amount of RMB1,829,144,000. The Group’s ability to continue as a going concern is primarily dependent on the ability to generate adequate cash flows from business operations and to raise external equity and debt financing to fund its continuous operations.

Management of the Group has prepared a cash flow projection covering a period of not less than 12 months from 30 June 2024. The cash flow projection has taken into account management’s plan to improve the Group’s operating performance and cash flows by expanding its customer base and increasing revenues, and to raise additional funds through an initial [REDACTED] of the Company’s ordinary shares and external debt financing. Subject to the result of the initial [REDACTED] and external debt financing, management will implement measures to optimize its operating efficiency, including but not limited to control the expenditures, to improve the Group’s liquidity and financial position. The directors of the Company, after making due inquiries and considering the basis of management’s projection and measures described above, believe that the Group’s cash and cash equivalents and anticipated funding from financing are sufficient to fund its operating expenses and capital expenditure requirements, and the Group is able to meet its payment obligations, for the next twelve months from 30 June 2024. Therefore, the Historical Financial Information has been prepared on a going concern basis.

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.

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ACCOUNTANTS’ REPORT

The Historical Financial Information has been prepared based on the consolidated financial statements of the Group. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not effective for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except the new IFRS 18 as set out below.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendment to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. Management expects that “IFRS 18 ‘Presentation and Disclosure in Financial Statements’”, after its adoption on 1 January 2027, may cause material impact on the presentation of financial statements. Except for this, no material impact on the financial performance and positions of the Group is expected when they become effective.

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ACCOUNTANTS' REPORT

2.2 Material accounting policy information

2.2.1 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises contract costs in progress, raw materials, consigned-processing-material and finished goods. 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.

2.2.2 Current and deferred income tax

The income tax expense or credit 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 income 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 end of each reporting period in the countries where the Company and its subsidiaries 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(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 Historical Financial Information. However, deferred income tax liabilities are not recognized 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 each 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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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 realize 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 other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.2.3 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- 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.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

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In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

At the inception of the contract, the Group assesses the goods promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

1) Autonomous driving

Revenue generated from sales of autonomous driving solutions which combines the unmanned electric mining trucks and logistics trucks with remote control cockpit and full-stack solutions with proprietary algorithms and software, which is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the product has been transferred to the customer, generally upon the acceptance of the solutions.

The Group generally offers assurance-type warranties to customers and such warranties are not considered a distinct performance obligation to customers. The Group accounts for the warranty in accordance with IAS 37 (Note 32).

After the sales contracts have been signed, partial consideration will be collected by the Group. The Group began to stock up after collecting the prepayments. Before the solutions are delivered to the customers, partial consideration will be collected by the Group. The remaining consideration except for the amount of quality warranty will be collected during the credit period of customers. The amount of quality warranty will be collected after the end of the warranty period. The Group usually offers a warranty period of six months to one year.

2) *Vehicle to everything ("V2X") products and solutions*

The Group provides V2X products and solutions to its customers. Revenue is recognized when control over the products and solutions have been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the Group as well as control the products and solutions until the products and solutions are delivered to the customer. The products and solutions generally have no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until the products and solutions are accepted by the customer. Therefore, revenue is recognized at a point in time when the products and solutions are accepted by the customer.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group provides significant service to the products and solutions and is responsible for the overall management of the contract, the Group is the principal in the transaction and recognises revenue in the gross amount of consideration to which it is entitled from the customer.

The Group reports the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

After the sales contracts have been signed, partial consideration will be collected by the Group. Then, after the products and solutions are delivered to the designated location of customers and are initial accepted by the customers, partial consideration will be collected by the Group. The remaining consideration except for the amount of quality warranty will be collected after the final acceptance of customers. The amount of quality warranty will be collected after the end of the warranty period. The Group usually offers a warranty period from one year to three years.

3) *High-performance perception*

Revenue generates from sales of high-performance perception solutions is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied and control of the solutions has been transferred to the customer, generally upon the acceptance of the products and solutions.

The consideration will be collected once through bank acceptance notes after the settlements with customers monthly. The Group usually offers a warranty period from one year to three years.

4) *Contract assets and liabilities*

When either party to a contract has performed, the Group presents the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between the Group’s performance and the customer’s payment. A contract asset is the Group’s right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods to the customer, the Group has a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group’s obligation to transfer goods to a customer for which the Group has received consideration from the customer. A receivable is recorded when the Group has an unconditional right to consideration. The right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.2.4 Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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.

2.2.5 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.

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Impairment testing of the investments in 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.

2.2.6 Foreign currency translation

(a) 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 functional currency for Company and its subsidiaries incorporated in the People’s Republic of China (“**PRC**”) is RMB. The Group’s presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within “Other (losses)/gains, net”.

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 recognized 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 (“**FVTOCI**”) are recognized in OCI.

2.2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment.

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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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year/period in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimate useful lives as follows:

Buildings	10-20 years
Vehicles	4 years
Machinery and equipment	5 years
Office equipment, computers and others	5 years
Tested field and related equipment	5 years
Leasehold improvements	shorter of the term of the lease or the estimated useful lives of the assets

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other (losses)/gains, net” in the consolidated statements of profit or loss and other comprehensive income.

Construction in progress represents unfinished construction and equipment under construction or pending for installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.2.8 *Intangible assets*

(a) *Software*

Acquired software is initially capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Software is stated at historical cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives. The Group amortises software with a limited useful life using the straight-line method over the following periods:

Software	3 years
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When determining the useful life, the management of the Group has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

(b) *Research and development (“R&D”)*

The Group incurs significant costs and efforts on research and development activities. 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 or sale;
- 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.

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The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

During the Track Record Period, the Group's R&D expenditures incurred did not meet the capitalisation principle above and were expensed as incurred.

2.2.9 Impairment of non-financial assets

Non-financial assets, including PPE, ROU assets, intangible assets, prepayments for acquisition of PPE and investment in subsidiaries, that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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.

2.2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

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For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. 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 FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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.

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:

- Amortized 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 amortized 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)/gains, net” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

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- FVTOCI: 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 FVTOCI. 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 profit or loss and recognized in “Other (losses)/gains, 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)/gains, net” and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortized cost or financial assets at FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in “Other (losses)/gains, net” in the period in which it arises.

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 FVTPL are recognized in “Other (losses)/gains, net” in the consolidated statements of profit or loss and other comprehensive income as applicable.

(d) Impairment

The Group performs impairment assessment under ECL model on financial assets which are measured at amortized cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss

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experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed collectively.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2.2.11 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortisation recognized over the guarantee period.

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2.2.12 Trade receivables

Trade receivables are amounts due from customers for [our products and solutions] rendered in the ordinary course of business. 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 amortized cost using the effective interest method. See Note 26 for further information about the Group's accounting for trade receivables and Note 3.1 (b) for a description of the Group's credit risk management.

2.2.13 Financial instruments with preferred rights at amortized cost

A contract that contains an obligation for the Group to purchase the Group'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 Group's obligations to purchase are conditional on the counterparty exercising a right to redeem, the financial instrument with preferred rights are recognized as financial liability initially measured at fair value (representing the present value of the redemption amount) and subsequently measured at amortized cost with interest charged in finance costs.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or canceled after the settlement by the Group has been made. The carrying amount of the financial instruments are reclassified to equity when and only when, the Group's obligation (i.e. the redemption obligation) have expired, with the corresponding credit to the treasury stocks.

2.2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include 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.

2.2.15 Paid-in capital and treasury stocks

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury stocks are equity instruments deducted from equity when the Group reacquires its own equity instruments.

The ordinary shares with preferred rights are recognized as paid-in capital with the excess of the nominal values of the shares in capital reserve upon the proceed received, and initially reclassified from equity to financial liabilities (i.e. financial instruments with preferred rights at amortized cost) with the corresponding debit to the treasury stocks.

2.2.16 Trade and notes payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year/period which are unpaid. Trade and notes payables are classified as current liabilities unless payment is not due within 12 months after each reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.17 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and 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 capitalised as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statements 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 the consolidated statements of profit or loss and other comprehensive income 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 each reporting period.

2.2.18 Borrowings 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.

Other borrowing costs are expensed in the period in which they are incurred.

2.2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and other allowances 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 each reporting 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

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made.

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Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee 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 recognises 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 recognises 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 each reporting period are discounted to present value.

2.2.20 Leases

The Group mainly leases buildings and a piece of leasehold land as lessee. Lease terms are negotiated on an individual basis and contain various 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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as

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to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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.

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.

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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.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and making a corresponding adjustment to the right-of-use asset for all other lease modifications. The Group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease.

Payments associated with short-term leases 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.

2.2.21 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.

For government grants based on the performance appraisal, if the relevant department has the rights to suspend or recover the grants, the government grants will be recognized in the consolidated statements of financial position as “Deferred income” when received. If the performance appraisal are achieved, the government grants will be transferred in the consolidated statements of profit or loss and other comprehensive income as “Other income”. If subsequently some or the entire amount becomes repayable unexpectedly, the repayment is accounted for as a change in estimate and the repayable portion of the credit previously recognized is reversed and recognized in the period in which the Group concludes that it is no longer reasonably assured that the terms for forgiveness will be met.

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2.2.22 Finance income

Interest income is presented as the finance income where it is earned from financial assets at FVTPL, bank deposits, term deposits, loans to a third party and loan to a related party of the Company, see Note 12 below.

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).

2.2.23 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to equity holders of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year/period.

(ii) 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.

2.2.24 Provision

Provision for product warranties is 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. Provision is not recognized for future operating losses.

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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.

Provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period.

2.2.25 [Share-based payment]

The fair value of awarded shares granted to employees under the ESOP less amount paid by employees is recognized as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognized in equity in the share-based payment reserves. The fair value of the shares is measured at the grant date. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the shareholders to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.]

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: mainly market risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group’s businesses are principally conducted in RMB.

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Group was not exposed to significant foreign exchange risk. The Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group’s interest rate risk primarily arises from borrowings, financial instruments with preferred rights at amortized cost, financial assets measured at FVTPL, cash and cash equivalents, restricted bank deposits and term deposits. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried 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 28. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for each reporting period.

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As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Group was not exposed to significant interest rate risk. The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, term deposits, trade and notes receivables, contract assets, other receivables, financial assets at FVTOCI and financial guarantee contracts liability. The carrying amount of each class of the above assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of assets.

(i) Credit risk of cash and cash equivalents, restricted bank deposits and term deposits

To manage this risk, the Group’s domestic subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. 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. The credit losses are assessed to be immaterial.

(ii) Credit risk of trade and notes receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets 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”) and the growth rate of information technology industry to be the most relevant factor in Mainland China in the credit risk assessment, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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Notes receivables were mainly bank acceptance notes aged less than six months. The Group measures credit risk using probability of default, exposure at default and loss given default. The Group has assessed that the expected credit losses rate for bank acceptance notes receivables are immaterial, and thus the loss allowance is immaterial.

The loss allowance of trade receivables and contract assets as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 was determined as follows:

As at 31 December 2021, the loss allowance of trade receivables and contract assets assessed under collective basis is determined as follows:

Collective basis	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	over 12 months	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2021						
Gross carrying amount	4,910	853	262	11	4,999	11,035
Loss allowance	(1,070)	(186)	(57)	(2)	(1,580)	(2,895)
Expected loss rate (in %)	<u>21.79</u>	<u>21.81</u>	<u>21.76</u>	<u>18.18</u>	<u>31.61</u>	<u>26.23</u>

As at 31 December 2022, the loss allowance of trade receivables and contract assets assessed under collective basis is determined as follows:

Collective basis	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	over 12 months	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022						
Gross carrying amount	29,886	12	466	82	7,847	38,293
Loss allowance	(5,273)	(2)	(82)	(14)	(2,298)	(7,669)
Expected loss rate (in %)	<u>17.64</u>	<u>16.67</u>	<u>17.6</u>	<u>17.07</u>	<u>29.29</u>	<u>20.03</u>

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As at 31 December 2023, the loss allowance of trade receivables and contract assets assessed under collective basis is determined as follows:

Collective basis	Up to	3 to	6 to	9 to	over	Total
	3 months	6 months	9 months	12 months	12 months	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2023						
Gross carrying amount	39,820	2,055	7,481	2,558	11,647	63,561
Loss allowance	(977)	(50)	(183)	(63)	(2,136)	(3,409)
Expected loss rate (in %)	2.45	2.43	2.45	1.56	18.54	5.36

As at 30 June 2024, the loss allowance of trade receivables and contract assets assessed under collective basis is determined as follows:

Collective basis	Up to	3 to	6 to	9 to	over	Total
	3 months	6 months	9 months	12 months	12 months	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
30 June 2024						
Gross carrying amount	46,127	10,248	22,870	2,055	17,051	98,351
Loss allowance	(1,245)	(277)	(617)	(56)	(3,392)	(5,587)
Expected loss rate (in %)	2.70	2.70	2.70	2.73	19.89	5.68

The movements in provision for impairment of trade receivables and contract assets are as follows:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Loss allowance				
At beginning of the year/period		1,427	2,895	7,669
Provision/ (reversal) for trade and notes receivables and contract assets, net . . .		3,045	4,774	(4,260)
Write off trade receivables		(1,577)	—	—
At end of the year/period		2,895	7,669	3,409

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(iii) Credit risk of other receivables

Other receivables mainly comprise payments made on behalf of customers, amount due from the third parties, amount due from the employee, deposits, loan to a third party and loans to the employee. The management of the Group makes individual assessment on the recoverability of payments made on behalf of customers, amount due from the third parties, amount due from the employee, deposits, loan to a third party and loans to the employee based on historical settlement records and past experiences. The Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on payments made on behalf of customers, amount due from the third parties, amount due from the employee, deposits, loan to a third party and loans to the employee, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to ‘Stage 3’ and the expected credit loss is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

On that basis, movements on the Group’s provision for impairment of other receivables are as follows:

	Year ended 31 December			Six months
				ended 30 June
	2021	2022	2023	2024
	RMB’000	RMB’000	RMB’000	RMB’000
Provision for impairment				
At beginning of the year/period.	45	35	275	726
Increase in provision for impairment recognized in the consolidated statements of profit or loss and other comprehensive income.	(10)	240	451	274
At end of the year/period	<u>35</u>	<u>275</u>	<u>726</u>	<u>1,000</u>

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(iv) Credit risk of financial assets at FVTOCI

Financial assets at FVTOCI comprise receivables financing. Receivables financing mainly represents bills of acceptance issued by banks for the sale of goods. The Group expects that the change of fair value associated with bank bills of acceptance is considered to be immaterial since they have original maturities of six months or less and the accepting banks are state-owned banks and other large listed banks with good reputation and high credit rating.

(v) Credit risk of financial guarantee contracts liability

The management of the Group makes individual assessment on the expected credit losses of financial guarantee contracts. The Group measures credit risk using probability of default, exposure at default and loss given default.

On that basis, movements on the Group’s expected credit losses of financial guarantee contracts are as follow:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	RMB’000	RMB’000	RMB’000	RMB’000
Provision for impairment				
At beginning of the year/period	—	—	—	186
Increase in provision for impairment recognized in the consolidated statements of profit or loss and other comprehensive	—	—	186	2,891
At end of the year/period	<u>—</u>	<u>—</u>	<u>186</u>	<u>3,077</u>

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. The Group historically financed its working capital requirements through borrowing from bank, issue of financial instruments with preferred rights at amortized cost (Note 29).

Management monitors rolling forecasts of the Group’s liquidity reserve on the basis of expected cash flows.

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The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at each year/period end to the contractual maturity date 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 material.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2021					
Trade and notes payables	21,708	—	—	—	21,708
Other payables and accruals (excluding repayable government grants, other tax payables, payroll and welfare payables, and accruals) (<i>Note 31</i>)	61,820	—	—	—	61,820
Lease liabilities	6,980	3,599	18	—	10,597
As at 31 December 2022					
Trade and notes payables	41,530	—	—	—	41,530
Other payables and accruals (excluding repayable government grants, other tax payables, payroll and welfare payables, and accruals) (<i>Note 31</i>)	41,185	—	—	—	41,185
Borrowings (including interest accrual up to maturity)	50,056	102,695	1,666	—	154,417
Lease liabilities	4,698	1,271	664	—	6,633
As at 31 December 2023					
Trade and notes payables	70,689	—	—	—	70,689
Other payables and accruals (excluding repayable government grants, other tax payables, payroll and welfare payables, and accruals) (<i>Note 31</i>)	78,452	—	—	—	78,452
Borrowings (including interest accrual up to maturity)	127,137	3,830	—	—	130,967
Lease liabilities	3,050	614	—	—	3,664

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	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 30 June 2024					
Trade and notes payables	52,709	—	—	—	52,709
Other payables and accruals (excluding repayable government grants, other tax payables, payroll and welfare payables, and accruals) (<i>Note 31</i>)	64,502	—	—	—	64,502
Borrowings (including interest accrual up to maturity)	107,867	32,576	37,144	—	177,587
Lease liabilities	7,351	382	169	—	7,902

For financial instruments with preferred rights at amortized cost, please refer to Note 29 for more details.

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 paid-in capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company’s shares.

The Group considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through the plans and measures as described in Note 2.1 to the Historical Financial Information.

3.3 Fair value estimation

(a) *Fair value hierarchy*

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under IFRS Accounting Standards.

- (i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting 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.
- (ii) Level 2: The fair value of financial instruments that are not traded in an active market are 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.
- (iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The carrying amounts of the financial assets and liabilities, which are measured at amortized cost, approximated their fair value as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024.

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The following table presents the Group’s financial assets and liabilities that are measured at fair value as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024 respectively.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2021				
Assets				
Financial assets at FVTPL				
— Unlisted equity investments	—	—	67	67
Financial assets at FVTOCI				
— Receivables financing.	—	—	556	556
	—	—	623	623
	<u>—</u>	<u>—</u>	<u>623</u>	<u>623</u>
	<u>—</u>	<u>—</u>	<u>623</u>	<u>623</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022				
Assets				
Financial assets at FVTPL				
— Unlisted equity investments	—	—	525	525
— Structured deposits.	—	30,130	—	30,130
Financial assets at FVTOCI				
— Receivables financing.	—	—	395	395
	—	30,130	920	31,050
	<u>—</u>	<u>30,130</u>	<u>920</u>	<u>31,050</u>
	<u>—</u>	<u>30,130</u>	<u>920</u>	<u>31,050</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023				
Assets				
Financial assets at FVTPL				
— Unlisted equity investments	—	—	1,116	1,116
— Unlisted debt investment	—	—	1,000	1,000
Financial assets at FVTOCI				
— Receivables financing.	—	—	9,799	9,799
	—	—	11,915	11,915
	<u>—</u>	<u>—</u>	<u>11,915</u>	<u>11,915</u>
	<u>—</u>	<u>—</u>	<u>11,915</u>	<u>11,915</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

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	Level 1	Level 2	Level 3	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 30 June 2024				
Assets				
Financial assets at FVTPL				
— Unlisted equity investments	—	—	1,014	1,014
— Unlisted debt investment	—	—	1,000	1,000
Financial assets at FVTOCI				
— Receivables financing.	—	—	6,753	6,753
	—	—	8,767	8,767

(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; and
- Other technique, such as asset based approach, is used to determine fair value for the remaining financial instrument.

There were no changes in valuation techniques during the Track Record Period.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movements in level 3 items for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the six months ended 30 June 2023 and 30 June 2024:

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2021	89	200	289
Acquisitions	—	1,656	1,656
Disposals.	—	(1,300)	(1,300)
FV change.	(22)	—	(22)
As at 31 December 2021	67	556	623

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	Financial assets at FVTPL	Financial assets at FVTOCI	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	67	556	623
Acquisitions	500	6,881	7,381
Disposals.....	(41)	(7,042)	(7,083)
FV change.....	(1)	—	(1)
As at 31 December 2022	525	395	920
As at 1 January 2023	525	395	920
Acquisitions	1,000	20,774	21,774
Disposals.....	—	(11,370)	(11,370)
FV change.....	591	—	591
As at 31 December 2023	2,116	9,799	11,915
As at 1 January 2023	525	395	920
Acquisitions	—	1,656	1,656
Disposals.....	—	(263)	(263)
FV change.....	(60)	—	(60)
As at 30 June 2023 (Unaudited)	465	1,788	2,253
As at 1 January 2024	2,116	9,799	11,915
Acquisitions	—	41,675	41,675
Disposals.....	—	(44,721)	(44,721)
FV change.....	(102)	—	(102)
As at 30 June 2024	2,014	6,753	8,767

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(d) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value				Valuation techniques and key inputs	Significant unobservable inputs	Relationship of key assumptions to fair value
	As at 31 December			As at			
	2021	2022	2023	30 June			
	RMB'000	RMB'000	RMB'000	RMB'000			
Financial assets at FVTPL							
— Unlisted equity investments	67	525	1,116	1,014	Fair values are estimated based on asset based approach of underlying investment or market approach of underlying investment.	N/A	N/A
— Unlisted debt investment	—	—	1,000	1,000	Unadjusted net assets value provided by the fund manager.	Net assets value of the underlying investments.	N/A
Financial assets at FVTOCI							
— Receivables financing	556	395	9,799	6,753	Present value of the contracted cash inflow of the discount rate that reflect the market credit risk.	N/A	N/A

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom exactly equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. 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 twelve months period are addressed below.

(a) Estimation of the fair value of financial assets at FVTPL

The fair value of financial assets 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.

(b) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers require judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group (i) controls the specified good or service before it is transferred to the customer, (ii) is primarily responsible for fulfilling the contract, (iii) is subject to inventory risk, and (iv) has discretion in establishing prices.

(c) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.2.1. The net realizable 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. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

(d) Income taxes and deferred income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that the future taxable profits would be uncertain.

(e) Warranty provision

The Group provides product warranties on all new goods based on the contracts with its customers at the time of sale of goods. The Group accrues a warranty reserve for the goods 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 provision in the future. Warranty cost is recorded as a component of cost of sales in the consolidated statements of profit or loss and other comprehensive income. The Group re-evaluates the adequacy of the warranty accrual on a regular basis.

(f) Impairment assessment of financial assets

The loss allowances for financial assets at amortized cost and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details are disclosed in Note 3.1(b).

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(g) Impairment assessment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit’s fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

5 SEGMENT INFORMATION

The executive directors of the Company has been identified as the chief operating decision maker of the Group who reviews the operating results of the Group’s 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.

No geographical segment information is presented as the majority of the revenue and operating losses of the Group are derived within PRC and the majority of the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customers contributing over 10% of the total revenue of the Group during the year ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 2024 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Customer A	83%	—	—	—	—
Customer B	—	78%	—	—	—
Customer C	—	—	31%	—	—
Customer D	—	—	11%	11%	—
Customer E	—	—	*	19%	—
Customer F	—	—	*	18%	—
Customer G	—	—	*	11%	—
Customer H	—	—	*	10%	—
Customer I	—	—	—	—	59%
Customer J	—	—	—	—	23%

* Less than 10%

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6 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue from customers and recognized at point in time					
Autonomous driving	6,803	27,998	74,418	17,536	156,043
V2X products and solutions	70,582	3,058	36,812	20,846	74,237
High-performance perception	—	—	21,374	6,758	28,181
	<u>77,385</u>	<u>31,056</u>	<u>132,604</u>	<u>45,140</u>	<u>258,461</u>

(b) Contract liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfillment of performance obligations.

The Group

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Group recognized contract liabilities of RMB18,198,000, RMB46,757,000, RMB86,124,000 and RMB70,552,000, respectively.

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The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	66,925	918	24,141	18,743	36,570

(Unaudited)

The Company

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Company recognized contract liabilities of RMB14,437,000, RMB39,822,000, RMB67,623,000 and RMB51,474,000, respectively.

The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	66,691	617	17,213	11,815	34,631

(Unaudited)

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(c) Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December 2021 and the expected timing of recognising revenue are as follows:

	Autonomous Driving	V2X products and solutions	High-Performance Perception
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year.	601	323	—
More than one year but not more than two years.	3,647	11,928	—
More than two years.	7,654	73,753	—
	<u>11,902</u>	<u>86,004</u>	<u>—</u>

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

	Autonomous Driving	V2X products and solutions	High-Performance Perception
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year.	45,794	33,101	5,840
More than one year but not more than two years.	8,216	72,819	—
More than two years.	696	2,675	—
	<u>54,706</u>	<u>108,595</u>	<u>5,840</u>

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	Autonomous Driving	V2X products and solutions	High-Performance Perception
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year.	206,930	102,520	29,346
More than one year but not more than two years.	1,367	18,157	33,189
More than two years.	512	2,576	52,410
	<u>208,809</u>	<u>123,253</u>	<u>114,945</u>

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The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 30 June 2024 and the expected timing of recognising revenue are as follows:

	Autonomous Driving	V2X products and solutions	High-Performance Perception
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	73,805	56,033	47,185
More than one year but not more than two years	512	13,805	57,217
More than two years	—	2,178	61,796
	<u>74,317</u>	<u>72,016</u>	<u>166,198</u>

7 EXPENSES BY NATURE

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Employee benefits expenses (Note 8)	122,545	155,075	151,209	68,100	72,513
Raw materials and consumables used	53,735	28,209	79,931	21,614	178,370
Changes in inventories of contract costs in progress, consigned- processing-material and finished goods	(4,940)	(15,224)	(3,573)	(2,362)	9,071
Provision for inventories (Note 20) .	2,004	5,235	11,825	10,059	753
Outsourcing labor costs	2,302	477	512	556	1,328
Office and traveling expenses	18,004	19,909	23,445	11,103	10,816
Depreciation of property, plant and equipment (a)	11,901	16,708	21,479	9,588	12,938
Amortization of intangible assets (b)	643	1,053	1,430	687	758
Depreciation of right-of-use assets (c)	5,504	5,966	7,116	3,232	4,016
Short-term lease expenses (Note 17)	232	287	1,463	538	172
Legal, consulting and other professional fees	14,909	13,102	13,787	5,616	12,616
Marketing expenses	5,979	7,358	11,146	7,330	12,806
Warranty	3,523	970	4,366	1,593	10,886
Others	817	550	1,272	518	2,059
	<u>237,158</u>	<u>239,675</u>	<u>325,408</u>	<u>138,172</u>	<u>329,102</u>

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(a) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	
Research and development expenses.	7,447	9,866	7,003	4,319	2,714
General and administrative expenses	3,166	4,578	12,308	3,690	9,739
Selling expenses	574	1,377	1,420	832	360
Costs of inventories	714	887	748	747	125
	<u>11,901</u>	<u>16,708</u>	<u>21,479</u>	<u>9,588</u>	<u>12,938</u>

(b) Amortisation of the Group’s intangible assets has been recognized as follows:

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	
Research and development expenses.	95	240	337	169	156
General and administrative expenses	548	813	1061	518	489
Selling expenses	—	—	—	—	5
Cost of inventories	—	—	32	—	108
	<u>643</u>	<u>1,053</u>	<u>1,430</u>	<u>687</u>	<u>758</u>

(c) Depreciation of the Group’s right-of-use assets has been recognized as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	
Research and development expenses.	3,354	3,031	2,667	1,182	1,439
General and administrative expenses	1,547	1,856	3,067	1,520	2,005
Selling expenses	357	439	501	262	339
Cost of inventories	246	640	881	268	233
	<u>5,504</u>	<u>5,966</u>	<u>7,116</u>	<u>3,232</u>	<u>4,016</u>

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8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Wages, salaries and bonuses	92,214	115,737	111,477	47,823	50,370
Pension obligations, housing funds, medical insurances and other social insurances	20,678	28,742	30,247	14,936	15,130
Other employee benefit expenses . . .	9,653	10,596	9,485	5,341	7,013
	<u>122,545</u>	<u>155,075</u>	<u>151,209</u>	<u>68,100</u>	<u>72,513</u>

(a) Pension obligations, housing funds, medical insurances and other social insurances

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 full time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 2024, include 2, 2, 2, 2 (unaudited) and 1 director(s) respectively, whose emoluments are disclosed in Note 8(c). The emoluments payable to the remaining individuals during the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Wages, salaries and bonuses	2,999	3,354	3,209	1,378	2,834
Pension obligations, housing funds, medical insurances and other social insurances	253	263	310	158	235
	<u>3,252</u>	<u>3,617</u>	<u>3,519</u>	<u>1,536</u>	<u>3,069</u>

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The remaining highest paid individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Emolument bands					
HK\$500,001 to HK\$1,000,000	—	—	—	3	2
HK\$1,000,001 to HK\$1,500,000.	3	3	3	—	2
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>

(c) Details of emoluments in respect of the directors of the Company

The emoluments in respect of each of the directors paid/payable by the Group for the year ended 31 December 2021 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Mr. Ma Wei (<i>Note i</i>)	—	970	547	86	—	1,603
Mr. Ying Long (<i>Note ii</i>)	—	864	472	4	—	1,340
	<u>—</u>	<u>1,834</u>	<u>1,019</u>	<u>90</u>	<u>—</u>	<u>2,943</u>

The emoluments in respect of each of the directors paid/payable by the Group for the year ended 31 December 2022 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Mr. Ma Wei (<i>Note i</i>)	—	1,213	599	4	—	1,816
Mr. Ying Long (<i>Note ii</i>)	—	960	464	44	—	1,468
	<u>—</u>	<u>2,173</u>	<u>1,063</u>	<u>48</u>	<u>—</u>	<u>3,284</u>

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The emoluments in respect of each of the directors paid/payable by the Group for the year ended 31 December 2023 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and	Share-based compensation expenses	Total
				employee welfare		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Mr. Ma Wei (Note i)	—	2,400	653	15	—	3,068
Mr. Ying Long (Note ii)	—	1,040	128	12	—	1,180
Mr. Hu Albert Sibó (Note iii)	—	180	61	38	—	279
	—	3,620	842	65	—	4,527

The emoluments in respect of each of the directors paid/payable by the Group for the period ended 30 June 2023 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and	Share-based compensation expenses	Total
				employee welfare		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Mr. Ma Wei (Note i)	—	1,200	1	7	—	1,208
Mr. Ying Long (Note ii)	—	660	—	7	—	667
	—	1,860	1	14	—	1,875

The emoluments in respect of each of the directors paid/payable by the Group for the period ended 30 June 2024 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and	Share-based compensation expenses	Total
				employee welfare		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Mr. Ma Wei (Note i)	—	1,200	—	7	—	1,207
Mr. Hu Albert Sibó (Note iii)	—	390	2	85	—	477
	—	1,590	2	92	—	1,684

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Notes:

- (i) Mr. Ma Wei was appointed as a director in October 2017.
- (ii) Mr. Ying Long was appointed as a director in October 2017 and his appointment contract was terminated by the board of directors in October 2023.
- (iii) Mr. Hu Albert Sibo was appointed as a director in October 2023.

(d) Directors’ retirement benefits and termination benefits

No director’s retirement or termination benefit subsisted at the end of each year disclosed or at any time during the Track Record Period.

(e) Consideration provided to third parties for making available directors’ services

No consideration provided to third parties for making available director’s services subsisted at the end of each year disclosed or at any time during the Track Record Period.

(f) Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

(g) Directors’ material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each year disclosed or at any time during the Track Record Period.

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9 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Government grants (a)	9,423	7,265	10,979	3,767	3,494
Super-input value-added tax (“VAT”) credit (b)	—	—	18	—	2,161
Others	56	141	202	131	143
	<u>9,479</u>	<u>7,406</u>	<u>11,199</u>	<u>3,898</u>	<u>5,798</u>

- (a) The government grants mainly represent government subsidies for the Group’s research and development expenditures.
- (b) Super-input VAT credit amounted to Nil, Nil, RMB0.2 million, Nil (unaudited) and RMB2.2 million for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 30 June 2024 was recognized in consolidated statements of profit or loss and other comprehensive income due to the VAT reform. In accordance with Caishui 2023 No. 43 introduced by Ministry of Finance (MOF) and State Taxation Administration (STA) for The People’s Republic of China, the Company meet the requirement of the advanced manufacturing industry and are eligible for additional VAT credits by 5% of the current period creditable VAT input from 1 January 2023 to 31 December 2027.

10 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Change in fair value of financial assets at FVTPL	(22)	129	591	(60)	(102)
Gain on lease termination	—	—	90	90	7
(Loss)/gain on disposal of/written off property, plant and equipment	—	(15)	120	—	(7)
Foreign currency exchange gain	—	1	—	—	—
	<u>(22)</u>	<u>115</u>	<u>801</u>	<u>30</u>	<u>(102)</u>

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11 IMPAIRMENT LOSSES

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Impairment losses under ECL model, net of reversal					
Trade and notes receivables	(2,098)	(4,838)	4,131	3,283	(1,832)
Contract assets	(926)	(14)	95	34	(283)
Other receivables	10	(240)	(451)	37	(274)
Financial guarantee contracts liability	—	—	(186)	—	(2,891)
	<u>(3,014)</u>	<u>(5,092)</u>	<u>3,589</u>	<u>3,354</u>	<u>(5,280)</u>

Details of impairment are set out in note 3.1 (b) to the Historical Financial Information.

12 FINANCE COSTS — NET

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Finance income:					
Interest income from financial assets at FVTPL	4,458	258	11	11	—
Interest income from bank deposits	2,787	4,424	2,866	1,791	1,087
Interest income from term deposits	956	4,276	5,215	2,846	2,124
Interest income from loan to a third party	—	—	71	—	161
Interest income from loan to a related party of the Company	—	—	16	—	—
	<u>8,201</u>	<u>8,958</u>	<u>8,179</u>	<u>4,648</u>	<u>3,372</u>
Finance costs:					
Financial cost on financial instruments with preferred rights at amortized cost (<i>Note 29</i>).	(65,540)	(104,136)	(117,528)	(57,604)	(63,119)
Interest expenses on bank borrowings	(552)	(1,156)	(3,364)	(889)	(3,431)
Interest expenses on lease liabilities.	(598)	(350)	(208)	(82)	(68)
	<u>(66,690)</u>	<u>(105,642)</u>	<u>(121,100)</u>	<u>(58,575)</u>	<u>(66,618)</u>
Finance costs — net	<u>(58,489)</u>	<u>(96,684)</u>	<u>(112,921)</u>	<u>(53,927)</u>	<u>(63,246)</u>

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13 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax	—	—	9	—	—
Deferred tax (<i>Note 19</i>)	(32,275)	(39,877)	(35,066)	(16,636)	(10,904)
	<u>(32,275)</u>	<u>(39,877)</u>	<u>(35,057)</u>	<u>(16,636)</u>	<u>(10,904)</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong

The Group’s subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to 1 April 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars (“HKD”) 2 million and 16.5% for any assessable profits in excess. Since the subsidiary did not have assessable profits during the Track Record Period, no Hong Kong profits tax has been provided.

Mainland China

In accordance with the Enterprise Income Tax Law (“EIT Law”), Foreign Investment Enterprises (“FIEs”) and domestic companies established in Mainland China are subject to Enterprise Income Tax (“EIT”) at a rate of 25%.

In December 2019, the Company was qualified as a High and New Technology enterprise (“HNTE”) and enjoyed a preferential tax rate of 15% from 2019 to 2021. In December 2022, the Company re-applies for HNTE status and the application was approved for another three-year period from 2022 to 2024. In October 2022, Novodriv Chongqing Ltd., the subsidiary of the Company, was qualified as a HNTE and enjoyed a preferential tax rate of 15% from 2022 to 2024. The Company and Novodriv Chongqing Ltd. were both in accumulated loss position for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2024. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of the Company and Novodriv Chongqing Ltd., which are qualified as HNTE, will expire in 10 years.

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The subsidiary, Changsha CiDi Intelligent building Co., Ltd, incorporated in the PRC is subject to an enterprise income tax at a rate of 25%.

In accordance with the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2021] No. 12) jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC, from 1 January 2021 to 31 December 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be recognized at 12.5% of income and be subject to the corporate income tax at a tax rate of 20%; in accordance with the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2022] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC, from 1 January 2022 to 31 December 2024, the annual taxable income of a small low-profit enterprise that is more than RMB1 million but no more than RMB3 million shall be recognized at 25% of income and be subject to the corporate income tax at a tax rate of 20%; in accordance with the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2023] No. 6) jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC, from 1 January 2023 to 31 December 2024, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be recognized at 25% of income and be subject to the corporate income tax at a tax rate of 20%. The other subsidiaries incorporated in the PRC are subject to an enterprise income tax at a rate of 2.5% during 2021 and 5% from 2022 to 2024.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from October 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction**”).

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The income tax on the Group’s loss before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Loss before income tax	(211,819)	(302,874)	(290,136)	(139,677)	(133,471)
Income tax credit computed at the applicable income tax rate of 25%	(52,955)	(75,719)	(72,534)	(34,919)	(33,368)
Tax effect of:					
Preferential tax rate	21,182	30,287	29,013	13,968	13,347
Difference in tax rates of subsidiaries	197	575	26	231	(552)
Super Deduction in respect of research and development (“R&D”) expenditures	(11,467)	(12,124)	(12,097)	(5,387)	(4,857)
Expenses not deductible for taxation purpose	10,474	16,771	18,117	9,306	11,377
Utilisation of tax losses which no deferred income tax assets was recognized previously	(15)	—	(40)	—	—
Tax losses for which no deferred income tax assets were recognized	11	189	2,601	240	3,105
Temporary differences for which no deferred income tax assets were recognized	298	144	(143)	(75)	44
Income tax credit	<u>(32,275)</u>	<u>(39,877)</u>	<u>(35,057)</u>	<u>(16,636)</u>	<u>(10,904)</u>

- (i) Expenses not deductible for taxation purposes mainly represent marketing expenses incurred in the Company and the Company’s subsidiaries in Mainland China which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

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(b) Tax losses

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the Group did not recognise deferred income tax assets in respect of losses of RMB1.73 million, RMB5.50 million, RMB18.83 million and RMB35.98 million respectively. The tax losses incurred from the Company’s subsidiaries in Mainland China that are not recognized as deferred tax assets will expire from 2024 to 2029. Tax losses of the Company’s subsidiary incorporated in Hong Kong will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Expiry year					
2024.....	226	226	225	226	225
2025.....	468	468	466	468	466
2026.....	1,031	1,200	—	785	—
2027.....	—	3,605	1,549	2,920	1,902
2028.....	—	—	16,593	2,481	16,593
2029.....	—	—	—	—	16,795
	<u>1,725</u>	<u>5,499</u>	<u>18,833</u>	<u>6,880</u>	<u>35,981</u>

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14 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 30 June 2024 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 respective years/periods.

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Loss attributable to the equity holders of the Company (RMB’000)	(179,544)	(262,997)	(255,079)	(123,041)	(122,567)
Weighted average number of ordinary shares outstanding (thousand shares)	[16,278]	[16,278]	[16,278]	[16,278]	[16,278]
Basic loss per share (expressed in RMB per share)	<u>[(11.03)]</u>	<u>[(16.16)]</u>	<u>[(15.67)]</u>	<u>[(7.56)]</u>	<u>[(7.53)]</u>

The weighted average number of ordinary shares in issue before the Company’s conversion into a joint stock company was determined assuming (1) 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 July 2024 as if they have been in issue since 1 January 2021 and (2) the contingently redeemable shares, being the shares classified as financial instruments with preferred rights at amortized cost (Note 29), had been excluded. As at 31 December 2021, 2022 and 2023 and 30 June 2023 and 2024, the numbers of contingently redeemable shares are 20,750,000, 22,001,000, 22,103,000, 22,001,000 (unaudited) and 22,103,000 respectively.

(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, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 30 June 2024, financial instruments with preferred rights issued to investors (Note 29) were not included in the calculation of diluted loss per share because they were antidilutive. Accordingly, diluted loss per share for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 30 June 2024 was the same as basic loss per share for the respective year/period.

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15 SUBSIDIARIES

(a) Subsidiaries of the Company

During the Track Record Period and as at the date of this report, the Company has equity interests in the following subsidiaries:

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Issued/Registered Capital	Equity interest attributable to the Company				Principal activities	Place of operation	Note
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024			
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024			
<i>In thousand</i>										
新驅動重慶智能汽車有限公司 Novodriv Chongqing Ltd.	The PRC, limited liability company	29 May 2020	RMB70,939	100%	100%	100%	100%	[100%]	Research and development	The PRC
天津希迪智能網聯技術有限公司 Tianjin CiDi Intelligent Network Technology Co., Ltd.	The PRC, limited liability company	14 December 2020	RMB20,000	100%	100%	100%	100%	[100%]	Research and development	The PRC
長沙希迪銷售服務有限公司 Changsha CiDi Sales Service Co., Ltd.	The PRC, limited liability company	14 May 2019	RMB5,000	100%	100%	N/A	N/A	N/A	Sales and marketing	The PRC
長沙希迪智慧建築有限責任公司 Changsha CiDi Intelligent Building Co., Ltd.	The PRC, limited liability company	29 July 2019	RMB3,000	100%	100%	100%	100%	[100%]	Constructions	The PRC
希迪智駕（成都）科技有限公司 CiDi Intelligent Driving (Chengdu) Technology Co., Ltd.	The PRC, limited liability company	1 April 2022	RMB50,000	N/A	100%	100%	100%	[100%]	Sales and marketing	The PRC

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Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Issued/Registered Capital	Equity interest attributable to the Company				Principal activities	Place of operation	Note
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024			
<i>In thousand</i>										
柳州希迪智駕科技有限公司 Liuzhou CiDi Intelligent Driving Technology Co., Ltd.	The PRC, limited liability company	17 May 2022	RMB10,000	N/A	100%	100%	100%	[100%]	Sales and marketing	The PRC
襄陽希迪智能網聯科技有限公司 Xiangyang CiDi Intelligent Network Technology Co., Ltd.	The PRC, limited liability company	8 October 2022	RMB20,000	N/A	100%	100%	100%	[100%]	Sales and marketing	The PRC
深圳希迪網聯創新科技有限公司 Shenzhen CiDi Intelligent Network Technology Co., Ltd.	The PRC, limited liability company	23 February 2023	RMB4,000	N/A	N/A	100%	100%	[100%]	Sales and marketing	The PRC (d)
希迪智駕(海南)科技有限公司 CiDi Intelligent Driving (Hainan) Technology Co., Ltd.	The PRC, limited liability company	17 March 2023	RMB5,000	N/A	N/A	100%	100%	[100%]	Sales and marketing	The PRC
CiDi Auto (HongKong) Limited	Hong Kong, limited liability company	9 November 2023	HKD1,000	N/A	N/A	100%	100%	[100%]	Sales and marketing	Hong Kong (f)
安徽希迪工程科技有限公司 Engineering Technology Co., Ltd.	The PRC, limited liability company	4 June 2024	RMB5,000	N/A	N/A	N/A	51%	[51%]	Sales and marketing	The PRC (g)

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- (a) The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.
- (b) Changsha CiDi Sales Service Co., Ltd was deregistered in November 2023.
- (c) In April 2021, the register capital of Changsha CiDi Intelligent Building Co., Ltd increased RMB1 million of the new shareholder, 長沙智芯高科技創業投資有限公司. As at the reporting date, 長沙智芯高科技創業投資有限公司 has not yet paid the capital. According to the articles of association, the shareholders can enjoy the shareholders’ rights after paying the capital, therefore Changsha CiDi Intelligent Building Co., Ltd was fully consolidated by the Company at each of the reporting periods during the Track Record Period.
- (d) In February 2023, CiDi Inc. and 深圳市深科創產業發展有限公司 entered into an agreement to set up a limited company, Shenzhen CiDi Intelligent Network Technology Co., Ltd, which has a register capital of RMB4 million. As at the reporting date, 深圳市深科創產業發展有限公司 has not yet paid the capital, and the Company has paid 8% of the register capital. According to the articles of association, the shareholders can enjoy the shareholders’ rights after paying the capital, therefore Shenzhen CiDi Intelligent Network Technology Co., Ltd was fully consolidated by the Company.
- (e) [The statutory financial statements of the PRC subsidiaries of Company have not yet been issued for the years ended 31 December 2021, 31 December 2022 and 31 December 2023. There is no statutory requirement to issue the audit report for the PRC company.]
- (f) As at the reporting date, there is no statutory requirement to issue the audit report for CiDi Auto (HongKong) Limited.
- (g) In June 2024, the Company and 安徽智聯互通工程科技有限公司 entered into an agreement to set up a limited company, Anhui CiDi Engineering Technology Co., Ltd, which has a register capital of RMB5 million. As at 30 June 2024, both of the Company and 安徽智聯互通工程科技有限公司 have not yet paid the capital and the equity interest attributable to the Company is 51%. Anhui CiDi Engineering Technology Co., Ltd is controlled by the Company and has not operated as at 30 June 2024, there are no non-controlling interests.
- (h) All the subsidiaries of the Company are directly held by the Company.

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(b) Investments in subsidiaries

The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries,				
at costs	77,439	103,939	119,259	119,259
Provisions for impairment	—	—	—	—
	<u>77,439</u>	<u>103,939</u>	<u>119,259</u>	<u>119,259</u>

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Vehicles	Machinery and equipment	Office equipment, computers and others	Tested field and related equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost								
As at 1 January 2021	—	6,628	439	8,210	—	7,340	31,467	54,084
Additions	—	7,246	775	3,408	—	188,563	1,141	201,133
Transfer	—	—	—	—	13,414	(13,414)	—	—
As at 31 December 2021 and								
1 January 2022	—	13,874	1,214	11,618	13,414	182,489	32,608	255,217
Additions	—	5,507	—	3,412	—	115,833	1,194	125,946
Transfer	—	—	—	—	1,650	(1,650)	—	—
Disposal	—	(84)	—	(148)	—	—	—	(232)
As at 31 December 2022 and								
1 January 2023	—	19,297	1,214	14,882	15,064	296,672	33,802	380,931
Additions	—	3,200	26	1,246	—	14,620	3,456	22,548
Transfer	308,718	—	—	—	194	(308,912)	—	—
Write off upon termination of								
leasehold building	—	—	—	—	—	—	(33,041)	(33,041)
Disposal	—	(584)	—	(17)	—	—	—	(601)
As at 31 December 2023 and								
1 January 2024	308,718	21,913	1,240	16,111	15,258	2,380	4,217	369,837
Additions	—	—	—	179	—	75	—	254
Disposal	—	(71)	—	(16)	—	—	—	(87)
Write off upon termination of								
leasehold building	—	—	—	—	—	—	(429)	(429)
As at 30 June 2024	<u>308,718</u>	<u>21,842</u>	<u>1,240</u>	<u>16,274</u>	<u>15,258</u>	<u>2,455</u>	<u>3,788</u>	<u>369,575</u>

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	Buildings	Vehicles	Machinery and equipment	Office equipment, computers and others	Tested field and related equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and impairment								
As at 1 January 2021	—	2,871	167	3,224	—	—	14,371	20,633
Provided for the year	—	2,057	87	1,825	837	—	7,095	11,901
As at 31 December 2021 and 1 January 2022	—	4,928	254	5,049	837	—	21,466	32,534
Provided for the year	—	3,672	161	2,572	2,683	—	7,620	16,708
Disposal	—	(62)	—	(5)	—	—	—	(67)
As at 31 December 2022 and 1 January 2023	—	8,538	415	7,616	3,520	—	29,086	49,175
Provided for the year	6,110	4,331	150	2,574	2,941	—	5,373	21,479
Disposal	—	(568)	—	(1)	—	—	—	(569)
Write off upon termination of leasehold building	—	—	—	—	—	—	(33,040)	(33,040)
As at 31 December 2023 and 1 January 2024	6,110	12,301	565	10,189	6,461	—	1,419	37,045
Provided for the period	7,332	2,038	53	1,025	1,480	—	1,010	12,938
Disposal	—	(69)	—	(8)	—	—	—	(77)
Write off upon termination of leasehold building	—	—	—	—	—	—	(429)	(429)
As at 30 June 2024	13,442	14,270	618	11,206	7,941	—	2,000	49,477
Net book value								
As at 31 December 2021	—	8,946	960	6,569	12,577	182,489	11,142	222,683
As at 31 December 2022	—	10,759	799	7,266	11,544	296,672	4,716	331,756
As at 31 December 2023	302,608	9,612	675	5,922	8,797	2,380	2,798	332,792
As at 30 June 2024	295,276	7,572	622	5,068	7,317	2,455	1,788	320,098

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ACCOUNTANTS’ REPORT

The Company

	Vehicles	Machinery and equipment	Office equipment, computers and others	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021	5,774	439	8,056	28,450	42,719
Additions	4,898	—	2,516	782	8,196
As at 31 December 2021 and 1 January 2022	10,672	439	10,572	29,232	50,915
Additions	4,399	—	2,555	513	7,467
Disposal	(84)	—	(148)	—	(232)
As at 31 December 2022 and 1 January 2023	14,987	439	12,979	29,745	58,150
Additions	3,200	—	931	—	4,131
Additions through intercompany transfer	—	—	97	—	97
Disposal through intercompany transfer	—	—	(52)	—	(52)
Write off upon termination of leasehold building	—	—	—	(29,745)	(29,745)
Disposal	(584)	—	—	—	(584)
As at 31 December 2023 and 1 January 2024	17,603	439	13,955	—	31,997
Additions	—	—	171	—	171
Additions through intercompany transfer	—	—	39	—	39
Disposal through intercompany transfer	—	—	(8)	—	(8)
Disposal	(71)	—	(3)	—	(74)
As at 30 June 2024	<u>17,532</u>	<u>439</u>	<u>14,154</u>	<u>—</u>	<u>32,125</u>

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	Vehicles	Machinery and equipment	Office equipment, computers and others	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and impairment					
As at 1 January 2021	2,838	167	3,218	14,120	20,343
Provided for the year	1,590	85	1,715	5,996	9,386
As at 31 December 2021 and 1 January 2022	4,428	252	4,933	20,116	29,729
Provided for the year	2,873	85	2,262	6,335	11,555
Disposal	(62)	—	(5)	—	(67)
As at 31 December 2022 and 1 January 2023	7,239	337	7,190	26,451	41,217
Provided for the year	3,286	72	2,188	3,295	8,841
Transfer out	—	—	(40)	—	(40)
Disposal	(568)	—	—	—	(568)
Write off upon termination of leasehold building	—	—	—	(29,746)	(29,746)
As at 31 December 2023 and 1 January 2024	9,957	409	9,338	—	19,704
Provided for the period	1,516	14	828	—	2,358
Transfer out	—	—	(4)	—	(4)
Disposal	(69)	—	(3)	—	(72)
As at 30 June 2024	<u>11,404</u>	<u>423</u>	<u>10,159</u>	<u>—</u>	<u>21,986</u>
Net book value					
As at 31 December 2021	<u>6,244</u>	<u>187</u>	<u>5,639</u>	<u>9,116</u>	<u>21,186</u>
As at 31 December 2022	<u>7,748</u>	<u>102</u>	<u>5,789</u>	<u>3,294</u>	<u>16,933</u>
As at 31 December 2023	<u>7,646</u>	<u>30</u>	<u>4,617</u>	<u>—</u>	<u>12,293</u>
As at 30 June 2024	<u>6,128</u>	<u>16</u>	<u>3,995</u>	<u>—</u>	<u>10,139</u>

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17 LEASES

(a) Amounts recognized in the consolidated statements of financial positions

The consolidated statements of financial positions show the following amounts relating to leases:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Right-of-use assets				
— Leasehold land	39,790	38,954	38,118	37,700
— Leasehold buildings	8,264	5,543	4,565	7,326
	48,054	44,497	42,683	45,026
Lease liabilities				
— Current	6,688	4,566	2,980	7,210
— Non-current	3,592	1,875	608	536
	10,280	6,441	3,588	7,746

Additions to leased buildings during the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2024 were approximately RMB0.51 million, RMB3.19 million, RMB5.90 million and RMB6.52 million, respectively.

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ACCOUNTANTS’ REPORT

(b) Amounts recognized in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Depreciation of right-of-use assets . .	6,265	6,743	7,486	3,550	4,016
Interest expense	598	350	208	82	68
Expense relating to short-term leases	232	287	1,463	538	172
Gain on lease termination.	—	—	90	90	7

The total cash outflows for leases during the years ended 31 December 2021, 31 December 2022, 31 December 2023 and six months ended 30 June 2023 and 30 June 2024 were approximately RMB6.95 million, RMB7.50 million, RMB10.09 million, RMB5.66 million and RMB2.43 million, respectively.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets				
Leasehold buildings	6,864	2,288	2,921	5,563
Lease liabilities				
Current	5,702	2,955	1,641	5,563
Non-current	2,955	—	—	—
	8,657	2,955	1,641	5,563

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	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
Depreciation of right-of-use assets . .	4,576	4,576	5,209	2,288	2,921
Interest expense	509	243	96	18	16
Expense relating to short-term leases	149	87	283	159	74

(c) The Group’s leasing activities and how these are accounted for

The Group leases various buildings and a piece of leasehold land for operation. Rental contracts of the leasehold buildings are typically made according to contracts by contracts ranging from one year to five years. 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 lessors. Leased assets may not be used as security for borrowing purposes.

18 INTANGIBLE ASSETS

	<u>Acquired software</u>
	<i>RMB’000</i>
The Group/ The Company	
Cost	
As at 1 January 2021	3,062
Additions	1,238
As at 31 December 2021 and 1 January 2022	4,300
Additions	2,329
As at 31 December 2022 and 1 January 2023	6,629
Additions	1,147
As at 31 December 2023 and 1 January 2024	7,776
Additions	467
As at 30 June 2024	8,243
Amortisation and impairment	
As at 1 January 2021	2,358
Provided for the year	643
As at 31 December 2021 and 1 January 2022	3,001
Provided for the year	1,053

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	<u>Acquired software</u>
	<i>RMB’000</i>
As at 31 December 2022 and 1 January 2023	4,054
Provided for the year	<u>1,430</u>
As at 31 December 2023 and 1 January 2024	5,484
Provided for the period	<u>758</u>
As at 30 June 2024	<u><u>6,242</u></u>
Net book value	
As at 31 December 2021	<u>1,299</u>
As at 31 December 2022	<u><u>2,575</u></u>
As at 31 December 2023	<u><u>2,292</u></u>
As at 30 June 2024	<u><u>2,001</u></u>

As at 31 December 2023, the intangible assets of the Group are mainly software which included research and development testing software and office software.

19 DEFERRED TAX ASSETS

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

The Group

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred tax assets	78,571	117,741	152,912	164,299
Set-off with deferred tax liabilities				
pursuant to set-off provisions	<u>(1,196)</u>	<u>(489)</u>	<u>(594)</u>	<u>(1,077)</u>
	<u>77,375</u>	<u>117,252</u>	<u>152,318</u>	<u>163,222</u>
Deferred tax liabilities	(1,196)	(489)	(594)	(1,077)
Set-off with deferred tax assets				
pursuant to set-off provisions	<u>1,196</u>	<u>489</u>	<u>594</u>	<u>1,077</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>77,375</u></u>	<u><u>117,252</u></u>	<u><u>152,318</u></u>	<u><u>163,222</u></u>

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The followings are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the Track Record Period:

The Group

	Lease liability	Unrealized intercompany profits	Impairment allowance	Provision of warranties	Tax losses	Deferred income	ROU asset	Fair value adjustment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021 . . .	2,383	—	224	96	43,959	354	(1,978)	62	45,100
Credit/(charged) to profit or loss.	(906)	310	510	511	31,065	—	782	3	32,275
As at 31 December 2021 and 1 January 2022 . . .	1,477	310	734	607	75,024	354	(1,196)	65	77,375
Credit/(charged) to profit or loss.	(948)	(12)	1,554	(316)	39,311	(354)	727	(85)	39,877
As at 31 December 2022 and 1 January 2023 . . .	529	298	2,288	291	114,335	—	(469)	(20)	117,252
Credit/(charged) to profit or loss.	(283)	—	982	449	34,023	—	(36)	(69)	35,066
As at 31 December 2023 and 1 January 2024 . . .	246	298	3,270	740	148,358	—	(505)	(89)	152,318
Credit/(charged) to profit or loss.	709	(291)	(834)	1,907	9,896	—	(498)	15	10,904
As at 30 June 2024 . . .	955	7	2,436	2,647	158,254	—	(1,003)	(74)	163,222

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The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	76,024	113,352	147,579	158,616
Set-off with deferred tax liabilities pursuant to set-off provisions.	(1,030)	(364)	(528)	(909)
	<u>74,994</u>	<u>112,988</u>	<u>147,051</u>	<u>157,707</u>
Deferred tax liabilities.	(1,030)	(364)	(528)	(909)
Set-off with deferred tax assets pursuant to set-off provisions.	1,030	364	528	909
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>74,994</u>	<u>112,988</u>	<u>147,051</u>	<u>157,707</u>

The followings are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the Track Record Period:

The Company

	Lease liability	Impairment allowance	Provision of warranties	Tax losses	Deferred income	ROU asset	Fair value adjustment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	2,093	223	96	43,959	354	(1,716)	62	45,071
Credit/(charged) to profit or loss . .	(794)	499	496	29,033	—	686	3	29,923
As at 31 December 2021 and 1 January 2022.	1,299	722	592	72,992	354	(1,030)	65	74,994
Credit/(charged) to profit or loss . .	(855)	1,479	(315)	37,438	(354)	686	(85)	37,994
As at 31 December 2022 and 1 January 2023.	444	2,201	277	110,430	—	(344)	(20)	112,988
Credit/(charged) to profit or loss . .	(197)	913	439	33,072	—	(95)	(69)	34,063
As at 31 December 2023 and 1 January 2024.	247	3,114	716	143,502	—	(439)	(89)	147,051
Credit/(charged) to profit or loss . .	588	(758)	1,906	9,301	—	(396)	15	10,656
As at 30 June 2024	<u>835</u>	<u>2,356</u>	<u>2,622</u>	<u>152,803</u>	<u>—</u>	<u>(835)</u>	<u>(74)</u>	<u>157,707</u>

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20 INVENTORIES

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the inventories held by the Group for sales are shown by category as below:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract costs in progress (a)	40,057	88,364	151,691	83,304
Raw material	31,543	35,146	31,526	35,413
Finished goods	6,678	6,228	6,885	8,532
Consigned-processing-material	940	966	3,104	132
Less: provision	(2,004)	(7,239)	(18,979)	(11,813)
	<u>77,214</u>	<u>123,465</u>	<u>174,227</u>	<u>115,568</u>

(a) Contract costs in progress mainly include the direct materials, employee costs and manufacturing costs to be consumed in the process of service rendering related to the sales contracts.

During the years ended 31 December 2021, 31 December 2022 ,31 December 2023 and six months ended 30 June 2023 and 30 June 2024, inventories recognized as cost of sales amounted to RMB48.24 million, RMB36.08 million, RMB101.42 million, RMB36.75 million (unaudited) and RMB203.20 million, respectively, and including provision for inventories recognized as cost of sales amounted to RMB2.00 million, RMB5.24 million, RMB11.83 million, RMB10.06 million (unaudited) and RMB0.75 million, respectively.

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The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract costs in progress	40,529	88,270	137,161	66,572
Raw material	30,667	34,002	29,345	34,742
Finished goods	5,869	6,188	5,958	7,252
Consigned-processing-material	940	966	3,104	132
Less: provision	(1,950)	(7,205)	(17,399)	(11,192)
	<u>76,055</u>	<u>122,221</u>	<u>158,169</u>	<u>97,506</u>

Provision for inventories was recognized for the amount by which the carrying amount of the inventories exceeds its net realizable value and was recorded in “cost of sales” in the consolidated statements of profit or loss and other comprehensive income. Provision for inventories movements for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the six months ended 30 June 2023 and 30 June 2024 are as below:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
At the beginning of the year/period	—	2,004	7,239	7,239	18,979
Provision	2,004	5,235	11,825	10,059	753
Written off	—	—	(85)	—	(7,919)
At the end of the year/period	<u>2,004</u>	<u>7,239</u>	<u>18,979</u>	<u>17,298</u>	<u>11,813</u>

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21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets				
Financial assets at FVTPL (<i>Note 22</i>) . .	67	30,655	2,116	2,014
Financial assets at FVTOCI (<i>Note 23</i>).	556	395	9,799	6,753
Financial assets at amortized cost:				
— Trade and notes receivables				
(<i>Note 26</i>)	5,340	30,772	58,680	87,383
— Other receivables (excluded				
prepayments and VAT				
recoverable) (<i>Note 24</i>)	2,749	14,266	48,801	58,205
— Cash and cash equivalents				
(<i>Note 27</i>)	500,789	381,678	234,663	331,979
— Restricted bank deposits				
(<i>Note 27</i>)	13,382	27,806	27,819	749
— Term deposits (<i>Note 27</i>)	80,825	190,101	152,588	49,212
	<u>603,708</u>	<u>675,673</u>	<u>534,466</u>	<u>536,295</u>
Financial liabilities				
Financial liabilities at amortized cost:				
— Trade and notes payables				
(<i>Note 30</i>)	21,708	41,530	70,689	52,709
— Other payables and accruals				
(excluding repayable government				
grants, other tax payables,				
payroll and welfare payables,				
and accruals) (<i>Note 31</i>)	61,820	41,185	78,452	64,502
— Borrowings (<i>Note 28</i>)	—	146,406	127,534	169,586
— Lease liabilities (<i>Note 17</i>)	10,280	6,441	3,588	7,746
— Financial instruments with				
preferred rights at amortized cost				
(<i>Note 29</i>)	1,264,220	1,625,922	1,766,025	1,829,144
	<u>1,358,028</u>	<u>1,861,484</u>	<u>2,046,288</u>	<u>2,123,687</u>

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22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at FVTPL:

- debt investments that do not qualify for measurement at either amortized cost or at FVTOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through OCI.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group and the Company				
Financial assets				
Non-current assets				
Financial assets at FVTPL				
— Unlisted equity investments (a)	67	525	1,116	1,014
— Unlisted debt investment (b).	—	—	1,000	1,000
	67	525	2,116	2,014
Current assets				
Financial assets at FVTPL				
— Structured deposits (b)	—	30,130	—	—
	67	30,655	2,116	2,014

(a) In August 2018, the Company entered into an agreement to invest in 14% equity interests of a limited company, 長沙市田野智能科技有限公司 (Changsha Tianye Intelligent Technology Co., Ltd.), with a total investment of RMB480,000. The investment of RMB480,000 was paid in August 2018. As a shareholder, the Group has no significant influence based on the fact that no representation on the board of directors or other special rights are over the limited company. Hence, the investment is accounted for as financial assets at FVTPL with changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

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In September 2020, the Company entered into an agreement to invest in 5% equity interests of a limited company, 新疆湘疆優品農業科技股份有限公司 (Xinjiang Xiangjiang Youpin Agricultural Technology Co., Ltd.), with a total investment of RMB500,000. The investment of RMB25,000 was paid in September 2020. As a shareholder, the Group has no significant influence based on the fact that no representation on the board of directors or other special rights are over the limited company. Hence, the investment is accounted for as financial assets at FVTPL with changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

In September 2022, the Company entered into an agreement to invest in 3.7037% equity interests of a limited company, 山東新源高科汽車技術有限公司 (Shandong Xinyuan High Tech Automobile Technology Co., Ltd.), with a total investment of RMB500,000. The consideration was paid fully in September 2022. As a shareholder, the Group has no significant influence based on the fact that no representation on the board of directors or other special rights are over the limited company. Hence, the investment is accounted for as financial assets at FVTPL with changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

The unlisted equity investments are classified as non-current as the management expects to realise these financial assets after twelve months after each reporting period during the Track Record Period.

- (b) In March 2023, the Company entered into an agreement to invest in 9.7% equity interests of 成都希迪蓉創創業投資合夥企業（有限合夥）(Chengdu CiDi Rongchuang Venture Capital Partnership (Limited Partnership)) with a total investment of RMB9,800,000. The limited partnership funds will focus on the investment portfolio in the industry of autonomous driving etc. The Company paid the investment of RMB1,000,000 in November 2023.

The unlisted debt investment is classified as non-current as the management expects to realise these financial assets after twelve months after each reporting period during the Track Record Period.

- (c) Structured deposits measured at FVTPL represents the subscription of the wealth management products of Shanghai Pudong Development Bank which are unsecured and with variable interest rates. The deposits can be purchased or disposed at any date during the open days. The Group measures the investments at fair value using the quoted subscription or redemption prices published by the bank.

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23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group				
Financial assets at FVTOCI				
— Receivables financing.	556	395	9,799	6,753
	<u>556</u>	<u>395</u>	<u>9,799</u>	<u>6,753</u>

Receivables financing measured at FVTOCI represents bills of acceptance issued by banks. The Group’s business model of financial assets at FVTOCI is achieved both by collecting contractual cash flows and selling of these assets. As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, all receivables financing of the Group were due within one year.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Company				
Financial assets at FVTOCI				
— Receivables financing.	356	—	7,849	5,976
	<u>356</u>	<u>—</u>	<u>7,849</u>	<u>5,976</u>

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24 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments for acquisition of PPE . . .	3,446	3,881	10,835	10,812
Deposits	—	—	—	10,200
Loan to a third party (d)	—	—	6,800	1,800
	<u>3,446</u>	<u>3,881</u>	<u>17,635</u>	<u>22,812</u>
Less: loss allowance	—	—	(149)	(220)
	<u>3,446</u>	<u>3,881</u>	<u>17,486</u>	<u>22,592</u>
Current				
Prepayments made to the third-party suppliers	8,290	9,321	16,145	9,402
Prepayment made to the ultimate holding company of the Company . .	3,660	3,660	660	—
Prepayment made to a related party of the Company	29	—	—	—
Amount due from the employee (a) . . .	1,280	179	43	769
Amount due from the third parties . . .	25	77	29	28
Payments made on behalf of customers (b)	20	8,696	27,849	21,825
Loans to the employees (c)	456	822	1,966	1,999
Loan to a third party (d)	—	—	3,075	8,246
VAT-recoverable	22,610	28,835	31,471	31,644
Deposits	1,003	4,767	9,765	14,338
	<u>37,373</u>	<u>56,357</u>	<u>91,003</u>	<u>88,251</u>
Less: provision for impairment	(35)	(275)	(577)	(780)
	<u>37,338</u>	<u>56,082</u>	<u>90,426</u>	<u>87,471</u>

(a) As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, amount due from the employee were mainly petty cash. The petty cash was unsecured, interest free and repayable on demand.

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- (b) Payments made on behalf of customers represent receivables on the payments made on behalf of the customers arising from the business of V2X products and solutions acting as an agent. The receivables are in trade nature, unsecured, interest-free and repayable on demand. As discussed in Note 2.2.3 (2) and Note 4 (b), the Group assessed whether revenue should be reporting on a gross or net basis for each sales transaction. For certain sales transactions where the Group acts as agent during the Track Record Period, revenue is recorded on a net basis and the receivables arising from these transactions were recorded in other receivables. The management expects to realise these financial assets within twelve months after each reporting period during the Track Record Period.

- (c) As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, loans to the employees was unsecured, interest bearing ranging from 3.45% to 3.85% per annum and repayable on demand.

- (d) As at 31 December 2023 and 30 June 2024, loan to a third party represented a loan to the end customer for its business operation. The loan was unsecured, guaranteed by the project leader of customer, the interest-bearing at 3.5% per annum. According to the loan contract, the principle amounts of RMB3 million, RMB5 million and RMB1.8 million will be repayable in December 2024, June 2025 and December 2025 respectively with the interests.

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The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current				
Prepayments for acquisition of PPE . . .	722	1,710	23	—
Deposits	—	—	—	10,200
Loan to a third party	—	—	6,800	1,800
Amount due from the subsidiaries (a) . . .	159,530	232,530	166,000	190,000
	<u>160,252</u>	<u>234,240</u>	<u>172,823</u>	<u>202,000</u>
Less: loss allowance	—	—	(149)	(220)
	<u>160,252</u>	<u>234,240</u>	<u>172,674</u>	<u>201,780</u>
Current				
Prepayments made to the third party suppliers	6,869	6,490	15,702	8,669
Prepayment made to the ultimate holding company of the Company . . .	3,660	3,660	660	—
Prepayment for goods purchase made to a related party of the Company . . .	29	—	—	—
Amount due from the employee	1,280	141	43	619
Amount due from the subsidiaries (a) . . .	36,847	61,017	137,241	203,249
Amount due from the third parties	25	28	29	28
Payments made on behalf of customers	—	631	121	2,298
Loans to the employees	456	822	1,966	1,999
Loan to a third party	—	—	3,075	8,246
VAT recoverable	9,141	2,718	1,812	2,429
Deposits	674	4,111	3,726	8,627
	<u>58,981</u>	<u>79,618</u>	<u>164,375</u>	<u>236,164</u>
Less: provision for impairment	(27)	(125)	(144)	(384)
	<u>58,954</u>	<u>79,493</u>	<u>164,231</u>	<u>235,780</u>

(a) Amount due from the subsidiaries was unsecured, interest free and repayable on demand or range from two to six years.

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25 CONTRACT ASSETS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount	3,827	3,829	10,681	9,423
Impairment	(928)	(942)	(847)	(1,130)
	<u>2,899</u>	<u>2,887</u>	<u>9,834</u>	<u>8,293</u>

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period (1–3 years). Contract assets are recorded as the Group has no right on these amounts of consideration when the revenue is recognized.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount	3,789	3,828	9,214	7,913
Impairment	(921)	(941)	(810)	(906)
	<u>2,868</u>	<u>2,887</u>	<u>8,404</u>	<u>7,007</u>

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26 TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	7,208	34,464	52,880	88,927
Less: provision for impairment (Note 3.1(b))	(1,967)	(6,727)	(2,562)	(4,457)
	<u>5,241</u>	<u>27,737</u>	<u>50,318</u>	<u>84,470</u>
Notes receivables	100	3,114	8,475	2,963
Less: provision for impairment (Note 3.1(b))	(1)	(79)	(113)	(50)
	<u>99</u>	<u>3,035</u>	<u>8,362</u>	<u>2,913</u>
	<u><u>5,340</u></u>	<u><u>30,772</u></u>	<u><u>58,680</u></u>	<u><u>87,383</u></u>

(a) As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, notes receivables were mainly bank acceptance notes aged less than one year.

The Group usually grants a credit period of 0 days to 180 days to its customers. As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the aging analysis of trade receivables based on recognition date of gross trade receivables are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	2,249	29,863	34,825	43,921
3 to 6 months	707	6	2,014	10,144
6 to 9 months	211	431	6,530	20,965
9 to 12 months	—	82	1,632	2,022
over 12 months	4,041	4,082	7,879	11,875
	<u>7,208</u>	<u>34,464</u>	<u>52,880</u>	<u>88,927</u>

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The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables				
— third parties	6,978	32,198	39,302	60,869
— intragroup entities	2,504	3,109	16,153	29,471
	9,482	35,307	55,455	90,340
Less: provision for impairment	(1,916)	(6,325)	(2,166)	(2,959)
	7,566	28,982	53,289	87,381
Notes receivables	—	3,114	8,475	2,963
Less: provision for impairment	—	(79)	(98)	(50)
	—	3,035	8,377	2,913
	7,566	32,017	61,666	90,294

The Company usually grants a credit period of 0 days to 180 days to its customers. As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the aging analysis of trade receivables based on recognition date of gross trade receivables are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	4,690	30,747	43,974	63,165
3 to 6 months	541	6	145	1,077
6 to 9 months	211	431	2,640	17,780
9 to 12 months	—	82	1,239	945
over 12 months	4,040	4,041	7,457	7,373
	9,482	35,307	55,455	90,340

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27 CASH AND CASH EQUIVALENTS/TERM DEPOSITS/ RESTRICTED BANK DEPOSITS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	500,789	381,678	234,663	331,979
Term deposits				
— Short-term bank deposits (a)	—	—	147,411	43,960
— Long-term bank deposits (a).	80,825	190,101	5,177	5,252
	80,825	190,101	152,588	49,212
Restricted bank deposits (b)	13,382	27,806	27,819	749

(a) Term deposits were deposits with initial terms of over three months which neither past due nor impaired. The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024. Various term deposits were secured for borrowings, please refer to Note 28 for more details.

Short-term bank deposits are bank deposits with maturities over three months but within twelve months and redeemable on maturity. Long-term bank deposits are bank deposits with maturities over twelve months and redeemable on maturity. The effective interest rates for the short-term bank deposits were 2.75% to 3.55% per annum and 3.55% per annum for the year ended 31 December 2023 and the six months ended 30 June 2024 respectively. The effective interest rate for the long-term bank deposits was 3.55% per annum, 2.75% to 3.55% per annum, 3% per annum and 3% per annum for the years ended 31 December 2021, 31 December 2022, 31 December 2023, and the six months ended 30 June 2024, respectively.

(b) As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, all the restricted deposits were denominated in RMB and held in separate designed bank accounts as security deposits for issuance of bank acceptance bills, bank borrowings and fulfillment of contracts related to autonomous driving. The restricted deposits for issuance of bank acceptance bills were used to secure the bank acceptance bills issued by the Company, and the restricted period were less than one year. The restricted deposits for bank borrowings were used to secure the borrowings, and it could be return since the borrowings repaid. The restricted deposits for fulfillment of contracts were deposited in September 2021 and released

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in March 2022. The restricted deposits carries interests at 0.3%, 0.25%, 0.2%–1.3% and 0.2%–1.45% per annum as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	437,099	269,589	145,688	256,226
Term deposits				
— Short-term bank deposits	—	—	147,411	43,960
— Long-term bank deposits	80,825	190,101	5,177	5,252
	80,825	190,101	152,588	49,212
Restricted bank deposits	13,382	27,806	27,819	749

28 BORROWINGS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings included in current liabilities				
Secured and unguaranteed bank borrowings (a)	—	34,512	90,528	27,436
Unsecured and unguaranteed bank borrowings (b)	—	10,013	23,225	65,569
Secured and guaranteed bank borrowings (c)	—	81	10,081	10,081
	—	44,606	123,834	103,086

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	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings included in non-current liabilities				
Secured and unguaranteed bank borrowings (a)	—	91,800	3,700	66,500
Secured and guaranteed bank borrowings (c)	—	10,000	—	—
	—	101,800	3,700	66,500
Total borrowings	—	146,406	127,534	169,586

The following table sets out the maturity profile of the total borrowings as at each reporting period end:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
On demand or within one year	—	44,606	123,834	103,086
More than one year, but not exceeding two years	—	100,200	3,700	30,500
More than two years, but not exceeding five years	—	1,600	—	36,000
Total	—	146,406	127,534	169,586

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	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings included in current liabilities				
Secured and unguaranteed bank borrowings (a)	—	29,381	405	27,436
Unsecured and unguaranteed bank borrowings (b)	—	10,013	23,225	65,569
Secured and guaranteed bank borrowings (c)	—	81	10,081	10,081
	—	39,475	33,711	103,086
Borrowings included in non-current liabilities				
Secured and unguaranteed bank borrowings (a)	—	1,800	3,700	66,500
Secured and guaranteed bank borrowings (c)	—	10,000	—	—
	—	11,800	3,700	66,500
Total borrowings	—	51,275	37,411	169,586

The following table sets out the maturity profile of the total borrowings as at each of the reporting periods:

	As of December 31,			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
On demand or within one year	—	39,475	33,711	103,086
More than one year, but not exceeding two years	—	10,200	3,700	30,500
More than two years, but not exceeding five years	—	1,600	—	36,000
Total	—	51,275	37,411	169,586

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(a) Secured and unguaranteed bank borrowings

- (i) In March 2022, the Company entered into a loan facility agreement with China Minsheng Bank Co., Ltd. Xiangtan Branch which provided the Company a credit limit in an aggregate principal amount of RMB4 million with an interest rate of 4.20% per annum which shall be repaid by March 2023. Borrowings under the loan facility agreement were collateralized by 17 invention patents of the Company with the amount of RMB8.11 million under the appraisal of the valuation professional party during the terms of borrowings. In March 2023, the borrowings and related interest were fully repaid and the collateralization was released accordingly.
- (ii) In June 2022, the Company entered into a loan facility agreement with Shanghai Pudong Development Bank Co., Ltd. Changsha Branch which provided the Company loans aggregated principal amount of RMB1.03 million and RMB2.64 million with an interest rate of 4.00% per annum which shall be repaid by June 2023. Borrowings under the loan facility agreement were collateralized by deposits of the Company with the carrying amount of RMB4 million during the terms of borrowings. In June 2023, the borrowings and related interest were fully repaid and the collateralization was released accordingly.
- (iii) In June 2022, the Company entered into a loan facility agreement with Shanghai Pudong Development Bank Co., Ltd. Changsha Branch which provided the Company loans aggregated principal amount of RMB20.46 million with an interest rate of 4.00% per annum which shall be repaid by June 2023. Borrowings under the loan facility agreement were collateralized by deposits of the Company with the carrying amount of RMB22 million during the terms of borrowings. In June 2023, the borrowings and related interest were fully repaid and the collateralization was released accordingly.
- (iv) In September 2022, the Company entered into a loan facility agreement with Shanghai Pudong Development Bank Co., Ltd. Changsha Branch which provided the Company loans aggregated principal amount of RMB1.01 million with an interest rate of 4.00% per annum which shall be repaid by September 2023. Borrowings under the loan facility agreement were collateralized by deposits of the Company with the carrying amount of RMB1.1 million during the terms of borrowings. In March 2023, the borrowings and related interest were fully repaid and the collateralization was released accordingly.
- (v) In November 2022 and in February 2023, the Company entered into the loan facility agreement with China Construction Bank Corporation Hunan Branch Business Department which provided the Company loans aggregated principal amount of RMB2 million and RMB2.5 million with an interest rate of 3.95% per annum, which shall be repaid by

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November 2025 and October 2025 respectively. Borrowings under the loan facility agreement were collateralized by the three-year term deposit of the Company with the carrying amount of RMB5 million during the terms of borrowings.

(vi) In June 2022, Changsha CiDi Intelligent Building Co., Ltd, the subsidiary of Company, entered into a loan facility agreement with Changsha Bank Co., Ltd. Xiangjiang New Area Branch which provided Changsha CiDi Intelligent Building Co., Ltd loans aggregated principal amount of RMB95 million with an interest rate of 4.50% per annum, which shall be repaid by June 2024. Borrowings under the loan facility agreement were collateralized by the two-year term deposit of Changsha CiDi Intelligent Building Co., Ltd with the carrying amount of RMB100 million during the terms of borrowings.

(vii) In June 2024, the Company entered into a loan facility agreement with Bank of Communications (Lushan South Road Branch) which provided the Company a loan with the maximum amount of RMB90 million with an interest rate of 3.20% per annum, which shall be repaid from December 2024 to June 2027. Borrowings under the loan facility agreement were collateralized by portion of the buildings of the Group and 3 invention patents of the Company during the terms of borrowings.

(b) Unsecured and unguaranteed bank borrowings

(i) In January 2022, the Company entered into a loan facility agreement with the Bank of Communications Co., Ltd. Hunan Branch which provided the Company loans aggregated principal amount of RMB10 million with a fixed interest at 4.3% per annum. In January 2023, the borrowings and related interest were fully repaid and the collateralization was released accordingly.

(ii) In May 2023 and in October 2023, the Company entered into a one-year loan facility agreement with the Bank of Communications Co., Ltd. Hunan Branch which provided the company the credit limit in the aggregate principal amount of RMB50 million and RMB5 million. As at 31 December 2023, the Company drew down borrowings with the amount of RMB8.2 million under the facility with an interest rate of 4.15% per annum which shall be repaid by June 2024. In February 2024, the Company drew down borrowings with the amount of RMB10 million under the facility with an interest rate of 3.85% per annum which shall be repaid by February 2025. And the Company drew down bank acceptances from July 2023 to October 2023 with the amount of RMB25.13 million under the facility and the amount paid were fully repaid on 30 June 2024.

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- (iii) In December 2023, the Company entered into a one-year loan facility agreement with China CITIC Bank Co., Ltd. Changsha Branch which provided the Company a credit limit in an aggregate principal amount of RMB40 million. As at 31 December 2023, the Company drew down borrowings with the amount of RMB5 million under the facility with an interest rate of 4.0% per annum which shall be repaid by December 2024.
- (iv) In December 2023, the Company entered into a one-year loan facility agreement with Bank of Beijing Co., Ltd. Changsha Branch which provided the Company a credit limit in an aggregate principal amount of RMB30 million. As at 20 December 2023, 2 January 2024 and 31 January 2024, the Company drew down borrowings with the amount of RMB5 million, RMB4 million and RMB1 million respectively under the facility with an interest rate of 3.85% per annum which shall be repaid by 25 December 2024.
- (v) In December 2023, the Company entered into a one-year loan facility agreement with Shanghai Pudong Development Bank Co., Ltd. Changsha Branch which provided the Company a credit limit in an aggregate principal amount of RMB10 million. As at 31 December 2023, the Company drew down borrowings with the amount of RMB5 million under the facility with an interest rate of 3.85% per annum which shall be repaid by December 2024.

(c) Secured and guaranteed bank borrowings

In October 2022, the Company entered into Maximum Loan Guarantee Delegation Contract with Hanhua Financing Guarantee Co., Ltd. which provided the Company a credit limit in an aggregate principal amount of RMB10 million with the guarantee rate of 2% per annum. In October 2022, Industrial Bank Co., Ltd. Changsha Branch was entrusted by an independent third party, Hunan Xiangjiang Zhongying Investment Management Co., Ltd, to offer the bank borrowing to the Company with an aggregate principal amount of RMB10 million and a fixed interest at 5.00% per annum. Borrowings under the loan facility agreement were collateralized by 10 invention patents of the Company with the amount of RMB30.58 million under the appraisal of the valuation professional party during the terms of borrowings. Hanhua Financing Guarantee Co., Ltd. was the guarantor. As at 31 December 2023, the Company drew down borrowings with the amount of RMB10 million under the facility which shall be repaid by November 2024.

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29 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS AT AMORTIZED COST

The Group/The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current liabilities				
Financial instruments with preferred rights at amortized cost	1,264,220	1,625,922	1,766,025	1,829,144

Since the date of incorporation, the Company has completed several rounds of financing by issuing ordinary shares with preferred rights to investors, namely, Series A Shares, Series A-1 Shares, Series A-2 Shares, Series A-3 Shares, Series B Shares, Series B+ Shares, Series C Shares and Series C+ Shares.

The movements of financial instruments with preferred rights at amortized cost for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the six months ended 30 June 2023 and 30 June 2024 were as follows:

	Financial instruments with preferred rights at amortized cost
	<i>RMB’000</i>
As at 1 January 2021	586,361
Effect of financial instruments with preferred rights at amortized cost (a)	633,998
Reclassification of transaction cost payable included in other payable and accruals	(21,679)
Finance cost on financial instruments with preferred rights at amortized cost . . .	65,540
As at 31 December 2021	<u>1,264,220</u>

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	Financial instruments with preferred rights at amortized cost
	<i>RMB’000</i>
As at 1 January 2022	1,264,220
Effect of financial instruments with preferred rights at amortized cost (a)	270,300
Reclassification of transaction cost payable included in other payable and accruals	(12,734)
Finance cost on financial instruments with preferred rights at amortized cost ...	104,136
As at 31 December 2022	<u>1,625,922</u>
As at 1 January 2023	1,625,922
Effect of financial instruments with preferred rights at amortized cost (a)	24,000
Reclassification of transaction cost payable included in other payable and accruals	(1,425)
Finance cost on financial instruments with preferred rights at amortized cost ...	117,528
As at 31 December 2023	<u>1,766,025</u>
As at 1 January 2023	1,625,922
Effect of financial instruments with preferred rights at amortized cost (a)	—
Finance cost on financial instruments with preferred rights at amortized cost ...	57,604
As at 30 June 2023 (Unaudited)	<u>1,683,526</u>
As at 1 January 2024	1,766,025
Effect of financial instruments with preferred rights at amortized cost (a)	—
Finance cost on financial instruments with preferred rights at amortized cost ...	63,119
As at 30 June 2024	<u>1,829,144</u>

(a) Series A financing to Series C+ financing

Series A financing

In January 2018, the Company entered into an investment agreement with certain series A investors, pursuant to which the Company issued and allotted approximately 3,489,000 shares, representing approximately 34.89% of the equity interests of the Company, to series A investors, at a consideration of USD30,000,000 (equals to RMB189,288,000). The proceeds of RMB189,288,000 were received by the Company in February, March and July 2018. The Company had initially recognized the related financial instruments with preferred rights of RMB189,288,000

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(present value of the estimated amount to be paid out by the Company) in 2018. In February, March and July 2018, the Company applied a discount rate from 3.53% to 3.56% to derive the present value of the issued financial instruments.

In June 2019, the Company entered into an investment agreement with certain series A-1 investors, pursuant to which the Company issued and allotted approximately 1,595,745 shares, representing approximately 6.00% of the equity interests of the Company, to series A-1 investors, at a consideration of USD12,000,000 (equals to RMB82,716,000). The proceeds of RMB82,716,000 were received by the Company in June and September 2019. The Company had initially recognized the related financial instruments with preferred rights of RMB82,716,000 (present value of the estimated amount to be paid out by the Company) in 2019. In June and September 2019, the Company applied a discount rate from 6.58% to 7.70% to derive the present value of the issued financial instruments.

In July 2020, the Company entered into investment agreements separately with certain series A-2 investors, pursuant to which the Company issued and allotted approximately 1,632,309 shares, representing approximately 5.78% of the equity interests of the Company, to series A-2 investors, at a consideration of RMB100,139,000. The proceeds of RMB100,139,000 were received by the Company in July and August 2020. The Company had initially recognized the related financial instruments with preferred rights of RMB100,139,000 (present value of the estimated amount to be paid out by the Company) in 2020. In July and August 2020, the Company applied a discount rate from 7.35% to 7.42% to derive the present value of the issued financial instruments.

In December 2020, the Company entered into an investment agreement with certain series A-3 investors, pursuant to which the Company issued and allotted approximately 4,163,269 shares, representing approximately 12.85% of the equity interests of the Company, to series A-3 investors, at a consideration of RMB281,700,000. The proceeds of RMB281,700,000 were received by the Company in December 2020 and January 2021. The Company had initially recognized the related financial instruments with preferred rights of RMB281,700,000 (present value of the estimated amount to be paid out by the Company) in 2020 and 2021 respectively. In December 2020 and January 2021, the Company applied a discount rate from 7.49% to 7.72% to derive the present value of the issued financial instruments.

Series B financing

In March 2021, the Company entered into an investment agreement with certain series B investors, pursuant to which the Company issued and allotted approximately 3,078,248 shares, representing approximately 8.68% of the equity interests of the Company, to series B investors, at a consideration of RMB280,348,000. The proceeds of RMB280,348,000 were received by the Company in March, April and May 2021. The Company had initially recognized the related

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financial instruments with preferred rights of RMB280,348,000 (present value of the estimated amount to be paid out by the Company) in 2021. In March, April and May 2021, the Company applied a discount rate from 6.91% to 8.09% to derive the present value of the issued financial instruments.

In August 2021, the Company entered into an investment agreement with certain series B+ investors, pursuant to which the Company issued and allotted approximately 1,558,592 shares, representing approximately 4.21% of the equity interests of the Company, to series B+ investors, at a consideration of RMB263,650,000. The proceeds of RMB263,650,000 were received by the Company in August, September, October and November 2021. The Company had initially recognized the related financial instruments with preferred rights of RMB263,650,000 (present value of the estimated amount to be paid out by the Company) in 2021. In August, September, October and November 2021, the Company applied a discount rate from 7.51% to 8.35% to derive the present value of the issued financial instruments.

Series C financing

In January 2022, the Company entered into an investment agreement with certain series C investors, pursuant to which the Company issued and allotted approximately 1,251,089 shares, representing approximately 3.27% of the equity interests of the Company, to series C investors, at a consideration of RMB270,300,000. The proceeds of RMB270,300,000 were received by the Company in March, April and June 2022. The Company had initially recognized the related financial instruments with preferred rights of RMB270,300,000 (present value of the estimated amount to be paid out by the Company) in 2022. In March, April and June 2022, the Company applied a discount rate from 7.87% to 8.64% to derive the present value of the issued financial instruments.

In December 2023, the Company entered into an investment agreement with certain series C+ investors, pursuant to which the Company issued and allotted approximately 102,078 shares, representing approximately 0.27% of the equity interests of the Company, to series C+ investors, at a consideration of RMB24,000,000. The proceeds of RMB24,000,000 were received by the Company in December 2023. The Company had initially recognized the related financial instruments with preferred rights of RMB24,000,000 (present value of the estimated amount to be paid out by the Company) in 2023. In December 2023, the Company applied a discount rate of 10.54% to derive the present value of the issued financial instruments.

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[In accordance with Series A investment agreements to Series C+ investment agreements, Series A Investors to Series C+ Investors had been granted with certain preferred rights (the "**Preferred Rights**") upon capital contribution. These Preferred Rights mainly included the followings:]

(b) Key terms

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

The holders of the ordinary shares with preferred rights shall be entitled to receive for each outstanding ordinary shares with preferred rights held and fully paid, as applicable, the amount equal to one hundred percent of the applicable ordinary shares with preferred rights' issue price, plus all declared but unpaid dividends on such ordinary shares with preferred rights. Upon the liquidation, in order of preference, first to the holders of Series C+ ordinary shares with preferred rights, then to the holders of Series C ordinary shares with preferred rights, Series B+ ordinary shares with preferred rights, Series B ordinary shares with preferred rights, Series A-3 ordinary shares with preferred rights, Series A-2 ordinary shares with preferred rights, Series A-1 ordinary shares with preferred rights, and last to the holders of Series A ordinary shares with preferred rights. If there are any assets or funds remaining after the aggregate amount have been distributed or paid in full to the applicable holders of ordinary shares with preferred rights as above, the remaining assets and funds legally available for distribution shall be distributed ratably among the holders of ordinary shares and holders of ordinary shares with preferred rights according to the relative number of ordinary shares on an as-converted basis.

Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by Series A Investors to Series C+ Investors on a per paid-in capital basis, Series A Investors to Series C+ Investors have a right to require (i) the Company to issue new paid-in capital for nil consideration (or lowest price allowed by law) to Series A Investors to Series C+ Investors: or (ii) existing shareholders to transfer the equity interests of the Company directly or indirectly held to Series A Investors to Series C+ Investors for nil consideration (or lowest price allowed by law), so that the total amount paid by Series A Investors to Series C+ Investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance. The increased

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shares should have a limitation which will not cause the percentage of shareholding of the Company held by NovoDriv (HK) Limited Partnership, the ultimate holding company of the Company, (the “**NovoDriv**”) below 25%.

The directors of the Company considered that the fair value of the anti-dilution right given to investors was immaterial and therefore no liability was recognized by the Company.

Redemption rights

The Company shall redeem, at the option of any holder of outstanding ordinary shares with preferred rights, all of the outstanding ordinary shares with preferred rights (other than the unpaid shares) held by the requesting holder, at any time after (a) the failure by the Company to complete a Qualified [REDACTED] as at 5 February 2026, or (b) the significant violation of the investing agreements, shareholders agreements, articles of association and other related documents by the Company or NovoDriv or NovoDriv Limited or 東莞灣區智能科技有限公司 or 馬濰 or 李澤湘. The redemption price for Series A fully paid ordinary shares with preferred rights (other than the unpaid shares) shall be equal to the ordinary shares with preferred rights’ purchase price, plus an annual simple interest rate of 4% accrued for the period from the ordinary shares with preferred rights’ deemed issue date up to and until the date when such ordinary shares with preferred rights are redeemed, plus all declared but unpaid dividends. The redemption price for Series A-1 fully paid ordinary shares with preferred rights, Series A-2 fully paid ordinary shares with preferred rights, Series A-3 fully paid ordinary shares with preferred rights, Series B fully paid ordinary shares with preferred rights, Series B+ fully paid ordinary shares with preferred rights, Series C fully paid ordinary shares with preferred rights and Series C+ fully paid ordinary shares with preferred rights (other than the unpaid shares) shall be equal to the ordinary shares with preferred rights’ purchase price, plus an annual simple interest rate of 8% accrued for the period from the ordinary shares with preferred rights’ deemed issue date up to and until the date when such ordinary shares with preferred rights are redeemed, plus all declared but unpaid dividends.

Upon the redemption, in order of preference, first to the holders of Series C+ ordinary shares with preferred rights, then to the holders of Series C ordinary shares with preferred rights, Series B+ ordinary shares with preferred rights, Series B ordinary shares with preferred rights, Series A-3 ordinary shares with preferred rights, Series A-2 ordinary shares with preferred rights, Series A-1 ordinary shares with preferred rights, and last to the holders of Series A ordinary shares with preferred rights.

If the assets and funds are insufficient for the full payment to redemption of such ordinary shares with preferred rights, then the entire assets and funds legally available for distribution shall be distributed ratably among such holders in proportion. If obtain the consent of all requesting holders, upon the redemption, in order of preference, first to the holders of Series C+ ordinary

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shares with preferred rights, then to the holders of Series C ordinary shares with preferred rights, Series B+ ordinary shares with preferred rights, Series B ordinary shares with preferred rights, Series A-3 ordinary shares with preferred rights, Series A-2 ordinary shares with preferred rights, A-1 ordinary shares with preferred rights, and Series A ordinary shares with preferred rights, and last to the holders of ordinary shares.

(c) Presentation and Classification

The ordinary shares with preferred rights are classified as financial liabilities. In addition, the Group measures financial instruments with preferred rights at amortized costs and does not bifurcate any embedded derivatives from the host instruments.

30 TRADE AND NOTES PAYABLES

The suppliers usually grant a credit period of 0 days to 90 days to the Group and the Company. As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the aging analysis of the trade payables based on transaction date are as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables				
— The third party	21,708	39,274	41,006	49,788
— The related party	—	—	83	—
	<u>21,708</u>	<u>39,274</u>	<u>41,089</u>	<u>49,788</u>
Notes payables	—	2,256	29,600	2,921
	<u>21,708</u>	<u>41,530</u>	<u>70,689</u>	<u>52,709</u>

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As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the aging analysis of trade payables are as follows:

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	19,001	27,935	23,526	27,570
6 to 12 months	2,423	3,094	7,278	9,097
over 12 months	284	8,245	10,285	13,121
	<u>21,708</u>	<u>39,274</u>	<u>41,089</u>	<u>49,788</u>

The carrying amounts of trade payables are considered approximately to their fair values.

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables				
— The third party	17,367	37,359	36,344	47,754
— The subsidiaries	5,219	10,719	16,802	17,683
— The related party	—	—	83	—
	<u>22,586</u>	<u>48,078</u>	<u>53,229</u>	<u>65,437</u>
Notes payables	—	2,256	29,600	2,921
	<u>22,586</u>	<u>50,334</u>	<u>82,829</u>	<u>68,358</u>

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As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the aging analysis of trade payables are as follows:

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	19,879	38,229	39,278	45,199
6 to 12 months	2,423	2,981	4,989	9,031
over 12 months	284	6,868	8,962	11,207
	<u>22,586</u>	<u>48,078</u>	<u>53,229</u>	<u>65,437</u>

31 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payables	26,716	30,384	25,370	11,832
Repayable government grants (a)	—	2,360	—	—
Other taxes payable	93	1,791	264	635
Amount due to the third parties (b) . . .	—	500	3,562	1,437
Other payable arising from the business of V2X products and solutions (c)	6	419	34,523	20,499
Accruals	747	1,008	2,379	1,111
Payables for purchases of PPE	55,308	40,168	38,755	39,362
Payables for purchases of intangible assets	—	98	—	127
Transaction costs payable (d)	6,506	—	1,426	—
Financial guarantee contracts liability (e)	—	—	186	3,077
	<u>89,376</u>	<u>76,728</u>	<u>106,465</u>	<u>78,080</u>

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The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Payroll and welfare payables	25,212	27,625	23,515	10,979
Repayable government grants (a)	—	2,360	—	—
Other taxes payable	42	22	107	103
Amount due to the third parties (b) . . .	—	500	3,562	1,437
Other payable arising from the business of V2X products and solutions (c)	—	409	7,126	3,897
Accruals	747	1,008	2,305	1,012
Payables for purchases of PPE	—	—	242	240
Payables for purchases of intangible assets	—	98	—	127
Transaction costs payable (d)	6,506	—	1,426	—
Financial guarantee contracts liability (e)	—	—	186	3,077
	<u>32,507</u>	<u>32,022</u>	<u>38,469</u>	<u>20,872</u>

(a) The repayable government grants were repaid to the government in April 2023, please refer to Note 33 for more details.

(b) Amount due to the third parties are unsecured, interest free and repayable on demand.

(c) Other payable arising from the business of V2X products and solutions represent proceeds received from the customers and yet to be paid to the third party suppliers on behalf of the customers arising from the business of V2X products and solutions acting as an agent. Please refer to Note 24 for more details. The payable are trade nature, unsecured, interest-free and repayable on demand.

(d) Transaction costs payable represent payable to the agencies for acquisition of capital contributions from investors.

(e) In September 2023, the Company entered into a guarantee agreement in favour of Jiangsu Financial Leasing Co., Ltd. (“**Jiangsu Financial Leasing**”) to provide guarantee for the buyer credit loan in the maximum principal amount of RMB20 million made available by Jiangsu Financial Leasing to Henan Yuda Industry and Trade Co., Ltd. (“**Henan Yuda**”) and

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Henan Anda Blasting Co., Ltd. (“**Henan Anda**”). Henan Yuda and Henan Anda are independent of the Company and are the end users of the products and solutions sold by the Company. Under the guarantee agreement, the Company assumes joint guarantee liability with the principal debtors, Henan Yuda and Henan Anda. The guarantee covers 20% of the principal amount advanced by Jiangsu Financial Leasing with overdue interest and any other amounts payable by Henan Yuda and Henan Anda under the relevant loan agreement and the amount of guarantee would not exceed RMB4 million. The guarantee periods start from the data of expiry of the buyer credit loan to three years later.

In March 2024, the Company entered into a guarantee agreement in favour of Haitong Unitrust International Financial Leasing Co., Ltd. (“**Haitong Unitrust**”) to provide guarantee for the buyer credit loan in the maximum principal amount of RMB70 million made available by Haitong Unitrust to Anhui Beishan Engineering Technology Co., Ltd. (“**Anhui Beishan**”). Anhui Beishan is independent of the Company and is the end user of the products and solutions sold by the Company. Under the guarantee agreement, the Company assumes joint guarantee liability with the principal debtor, Anhui Beishan. The guarantee covers the principal amount advanced by Haitong Unitrust with overdue interest and any other amounts payable by Anhui Beishan under the relevant loan agreement and the amount of guarantee would not exceed RMB70 million. The guarantee periods start from the data of expiry of the buyer credit loan to three years later.

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the financial guarantee contracts liability of nil, nil, RMB186,000 and RMB3,077,000 was recognized respectively in “other payables” in the consolidated statements of financial position.

32 PROVISION

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Warranties	4,048	1,938	4,743	14,565

Provision are recognized when the Group has a present obligation (legal or constructive) as a result of the sales contracts it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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The movements of the Group’s provision are analyzed as follows:

The Group

	Warranties
	<i>RMB’000</i>
As at 1 January 2021	640
Provision for the year	3,971
Amounts utilized during the year	(563)
As at 31 December 2021.....	<u>4,048</u>
As at 1 January 2022	4,048
Provision for the year	1,375
Amounts utilized during the year	(3,485)
As at 31 December 2022.....	<u>1,938</u>
As at 1 January 2023	1,938
Provision for the year	5,368
Amounts utilized during the year	(2,563)
As at 31 December 2023.....	<u>4,743</u>
As at 1 January 2023	1,938
Provision for the period	1,753
Amounts utilized during the six-month period.....	(1,146)
As at 30 June 2023 (Unaudited)	<u>2,545</u>
As at 1 January 2024	4,743
Provision for the period	11,502
Amounts utilized during the six-month period.....	(1,680)
As at 30 June 2024.....	<u>14,565</u>

The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Warranties.....	<u>3,944</u>	<u>1,846</u>	<u>4,587</u>	<u>14,402</u>

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The movements of the Company’s provision are analyzed as follows:

The Company

	Warranties
	<i>RMB’000</i>
As at 1 January 2021	640
Provision for the year	3,867
Amounts utilized during the year	(563)
As at 31 December 2021.....	<u>3,944</u>
As at 1 January 2022	3,944
Provision for the year	1,357
Amounts utilized during the year	(3,455)
As at 31 December 2022.....	<u>1,846</u>
As at 1 January 2023	1,846
Provision for the year	5,216
Amounts utilized during the year	(2,475)
As at 31 December 2023.....	<u>4,587</u>
As at 1 January 2023	1,846
Provision for the period	1,752
Amounts utilized during the six-month period.....	(1,146)
As at 30 June 2023 (Unaudited)	<u>2,452</u>
As at 1 January 2024	4,587
Provision for the period	11,457
Amounts utilized during the six-month period.....	(1,642)
As at 30 June 2024.....	<u>14,402</u>

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33 DEFERRED INCOME

The Group/The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	2,360	—	—	—

As the agreement agreed, the Company should achieve the performance appraisal otherwise the government grants should be repaid. During the year ended 31 December 2022, according to the results of performance appraisal, the Company failed to meet the requirements, and the deferred income was derecognized. The amount was repaid in April 2023.

34 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Financial instruments with preferred rights at			Total
	amortized costs	Lease liabilities	Borrowings	
	(Note 29)	(Note 17)	(Note 28)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	586,361	15,888	35,043	637,292
Cash flows	—	(6,714)	(35,595)	(42,309)
New leases	—	508	—	508
Finance cost on financial instruments with preferred rights at amortized cost.	65,540	—	—	65,540
Effect of financial instruments with preferred rights at amortized cost (Note 29).	633,998	—	—	633,998
Reclassification of transaction cost payable included in other payable and accruals	(21,679)	—	—	(21,679)
Interest expenses	—	598	552	1,150
As at 31 December 2021	1,264,220	10,280	—	1,274,500

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	Financial instruments with preferred rights at amortized costs (Note 29) RMB’000	Lease liabilities (Note 17) RMB’000	Borrowings (Note 28) RMB’000	Total RMB’000
As at 1 January 2022	1,264,220	10,280	—	1,274,500
Cash flows	—	(7,209)	143,126	135,917
New leases	—	3,186	—	3,186
Lease deduction	—	(166)	—	(166)
Finance cost on financial instruments with preferred rights at amortized cost.	104,136	—	—	104,136
Effect of financial instruments with preferred rights at amortized cost (Note 29)	270,300	—	—	270,300
Reclassification of transaction cost payable included in other payable and accruals.	(12,734)	—	—	(12,734)
Interest expenses	—	350	1,156	1,506
Interest expenses — capitalization	—	—	2,124	2,124
As at 31 December 2022	<u>1,625,922</u>	<u>6,441</u>	<u>146,406</u>	<u>1,778,769</u>
As at 1 January 2023	1,625,922	6,441	146,406	1,778,769
Cash flows	—	(8,629)	(24,597)	(33,226)
New leases	—	5,904	—	5,904
Lease deduction	—	(13)	—	(13)
Finance cost on financial instruments with preferred rights at amortized cost.	117,528	—	—	117,528
Effect of financial instruments with preferred rights at amortized cost (Note 29).	24,000	—	—	24,000
Reclassification of transaction cost payable included in other payable and accruals.	(1,425)	—	—	(1,425)
Interest expenses	—	208	3,364	3,572
Interest expenses — capitalization	—	—	2,361	2,361
Lease termination	—	(323)	—	(323)
As at 31 December 2023	<u>1,766,025</u>	<u>3,588</u>	<u>127,534</u>	<u>1,897,147</u>

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	Financial instruments with preferred rights at amortized costs	Lease liabilities	Borrowings	Total
	<i>(Note 29)</i>	<i>(Note 17)</i>	<i>(Note 28)</i>	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	1,625,922	6,441	146,406	1,778,769
Cash flows	—	(5,118)	(31,705)	(36,823)
New leases	—	5,841	—	5,841
Lease deduction	—	(13)	—	(13)
Finance cost on financial instruments with preferred rights at amortized cost.	57,604	—	—	57,604
Interest expenses	—	82	889	971
Interest expenses — capitalization	—	—	2,124	2,124
Lease termination	—	(323)	—	(323)
As at 30 June 2023 (Unaudited).	1,683,526	6,910	117,714	1,808,150
As at 1 January 2024	1,766,025	3,588	127,534	1,897,147
Cash flows	—	(2,262)	38,621	36,359
New leases	—	6,515	—	6,515
Finance cost on financial instruments with preferred rights at amortized cost.	63,119	—	—	63,119
Interest expenses	—	68	3,431	3,499
Lease termination	—	(163)	—	(163)
As at 30 June 2024	1,829,144	7,746	169,586	2,006,476

35 COMMITMENTS

- (a) As at 31 December 2023 and 30 June 2024, the Company has commitment to the limited partnership fund investments amounted to RMB8.80 million. The committed amount will be due for payment before August 2030.
- (b) As at 30 June 2024, the Company has commitment to inject capital to its subsidiary, Anhui CiDi Engineering Technology Co., Ltd, amounted to RMB2.55 million. The committed amount will be due for payment before May 2029.

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Group</u>
松靈機器人（東莞）有限公司	The same director
東莞松山湖國際機器人研究院有限公司	The same director
雲鯨智能科技（深圳）有限公司	The same director
深圳市正浩創新科技股份有限公司	The same director
東莞市李群自動化技術有限公司	The same director
新驅動香港有限合夥	Ultimate holding company
Tangram. AI. Inc.	Controlled by the immediate family member of the director

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(b) Transactions with related parties

(i) Revenue from related parties

Transactions	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
松靈機器人（東莞） 有限公司.....	Autonomous driving products and solutions platform	704	—	—	—

(ii) Purchase from the related parties

The Company	Relationship	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
松靈機器人（東莞） 有限公司.....	Purchase goods	212	21	274	83	—
東莞松山湖國際機器人 研究院有限公司.....	Purchase services	—	346	—	—	—
雲鯨智能科技（深圳） 有限公司.....	Purchase goods	4	90	—	—	—
深圳市正浩創新科技 股份有限公司.....	Purchase goods	42	—	—	—	—
Tangram. AI. Inc.	Purchase services	1,956	1,901	—	—	—
		<u>2,214</u>	<u>2,358</u>	<u>274</u>	<u>83</u>	<u>—</u>

Note: In June 2020, the Company entered into a management services agreement contract with NovoDriv, the ultimate holding company of the Company, and paid RMB3.66 million in accordance with the terms. In February 2023, NovoDriv and the Company confirmed that the service had not yet been provided, and agreed to sign the termination agreement. NovoDriv repaid the amounts of RMB3 million and RMB0.66 million in April 2023 and June 2024 respectively.

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(iii) Advance to the related parties

	Start date	End date	Year ended 31 December			Six months ended	
			2021	2022	2023	30 June	
			RMB'000	RMB'000	RMB'000	2023	2024
							(Unaudited)
新驅動香港有限合夥	11/8/2021	No fixed term	3,660	—	—	—	—
東莞市李群自動化技術有限公司	1/6/2023	2/9/2023	—	—	3,000	3,000	—
			<u>3,660</u>	<u>—</u>	<u>3,000</u>	<u>3,000</u>	<u>—</u>

(iv) Repayment from the related parties

	Start date	End date	Year ended 31 December			Six months ended	
			2021	2022	2023	30 June	
			RMB'000	RMB'000	RMB'000	2023	2024
							(Unaudited)
新驅動香港有限合夥	11/8/2021	No fixed term	—	—	3,000	3,000	660
東莞市李群自動化技術有限公司	1/6/2023	2/9/2023	—	—	3,000	3,000	—
			<u>—</u>	<u>—</u>	<u>6,000</u>	<u>6,000</u>	<u>660</u>

(v) Interest from the related party

	Start date	End date	Year ended 31 December			Six months ended	
			2021	2022	2023	30 June	
			RMB'000	RMB'000	RMB'000	2023	2024
							(Unaudited)
東莞市李群自動化技術有限公司	1/6/2023	2/9/2023	—	—	17	—	—
			<u>—</u>	<u>—</u>	<u>17</u>	<u>—</u>	<u>—</u>

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(c) Year/Period end balance with related parties

(i) Amounts due from a related party

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
新驅動香港有限合夥	3,660	3,660	660	660	—
松靈機器人（東莞）有限公司	—	40	—	—	—
雲鯨智能科技（東莞）有限公司	23	—	—	—	—
深圳市正浩創新科技股份有限公司	6	—	—	—	—
	<u>3,689</u>	<u>3,700</u>	<u>660</u>	<u>660</u>	<u>—</u>

(ii) Amounts due to a related party

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
松靈機器人（東莞）有限公司	—	—	83	35	—
	<u>—</u>	<u>—</u>	<u>83</u>	<u>35</u>	<u>—</u>

(iii) Contract assets

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
松靈機器人（東莞）有限公司	40	—	—	—	—
	<u>40</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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(d) Key management personnel compensation

	Year ended 31 December			Six months
	2021	2022	2023	ended 30 June
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Wages, salaries and bonuses	2,853	3,236	4,462	1,592
Share-based compensation expenses . .	—	—	—	—
Pension obligations, housing funds, medical insurances and other social insurances	90	48	65	92
	<u>2,943</u>	<u>3,284</u>	<u>4,527</u>	<u>1,684</u>

37 CONTINGENT LIABILITIES

[The Group did not have any material contingent liabilities during the Track Record Period.]

38 PAID-IN CAPITAL

Paid-in capital are generated from founders’ and investors’ capital injection. The excess of total consideration raised over paid-in capital was credited to the Company’s capital reserve (Note 39).

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Authorized and issued

The Group and Company	Number of ordinary shares	Equivalent nominal value of shares
	<i>'000</i>	<i>RMB'000</i>
As at 1 January 2021	31,061	31,061
Capital contributions from series A-3 investors	1,330	1,330
Capital contributions from series B investors	3,078	3,078
Capital contributions from series B+ investors	1,559	1,559
As at 31 December 2021 and 1 January 2022	37,028	37,028
Capital contributions from series C investors	1,251	1,251
As at 31 December 2022 and 1 January 2023	38,279	38,279
Capital contributions from series C+ investors	102	102
As at 31 December 2023, 1 January 2024 and 30 June 2024. .	38,381	38,381

- (a) In December 2020, the Company entered into an investment agreement with series A-3 investors, pursuant to which total capital of RMB281,700,000 was contributed into the Company. The proceeds of RMB191,700,000 were received by the Company in December 2020. The remaining proceeds of RMB90,000,000 were received by the Company in Jan 2021, with RMB4,163,269 and RMB277,536,731 credited to the Company’s paid-in capital and capital reserves, respectively (Note 39). Certain preferred rights upon capital contribution were granted to series A-3 investors (Note 29).

- (b) In March 2021, the Company entered into an investment agreement with series B investors, pursuant to which total capital of RMB280,347,776 was contributed into the Company. The proceeds of RMB280,347,776 were received by the Company in March, April and May 2021, with RMB3,078,248 and RMB277,269,528 credited to the Company’s paid-in capital and capital reserves, respectively (Note 39). Certain preferred rights upon capital contribution were granted to series B investors (Note 29).

- (c) In August 2021, the Company entered into an investment agreement with series B+ investors, pursuant to which total capital of RMB263,650,000 was contributed into the Company. The proceeds of RMB263,650,000 were received by the Company in August, September, October and November 2021, with RMB1,558,592 and RMB262,091,408 credited to the Company’s paid-in capital and capital reserves, respectively (Note 39). Certain preferred rights upon capital contribution were granted to series B+ investors (Note 29).

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- (d) In January 2022, the Company entered into an investment agreement with series C investors, pursuant to which total capital of RMB270,300,000 was contributed into the Company. The proceeds of RMB270,300,000 were received by the Company in March, April and June 2022, with RMB1,251,089 and RMB269,048,911 credited to the Company’s paid-in capital and capital reserves, respectively (Note 39). Certain preferred rights upon capital contribution were granted to series C investors (Note 29).
- (e) In December 2023, the Company entered into an investment agreement with a series C investor, pursuant to which total capital of RMB24,000,000 was contributed into the Company. The proceeds of RMB24,000,000 were received by the Company in December 2023, with RMB102,078 and RMB23,897,922 credited to the Company’s paid-in capital and capital reserves, respectively (Note 39). Certain preferred rights upon capital contribution were granted to series C+ investor (Note 29).

39 TREASURY STOCK AND RESERVES

The Group/The Company	Treasury stock	Capital Reserve
	(Note (a))	
	RMB’000	RMB’000
As at 1 January 2021	(563,843)	539,437
Capital contributions from series A-3 investors	—	88,670
Capital contributions from series B investors	—	277,270
Capital contributions from series B+ investors	—	262,091
Effect of financial instruments with preferred rights at amortized costs	(633,998)	—
As at 31 December 2021 and 1 January 2022	(1,197,841)	1,167,468
Capital contributions from series C investors	—	269,049
Effect of financial instruments with preferred rights at amortized costs	(270,300)	—
As at 31 December 2022 and 1 January 2023	(1,468,141)	1,436,517
Capital contributions from series C+ investors	—	23,898
Effect of financial instruments with preferred rights at amortized costs	(24,000)	—
As at 31 December 2023, 1 January 2024 and 30 June 2024 . .	(1,492,141)	1,460,415

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- (a) The Group recorded treasury stock to reflect the carrying amount of the financial instruments with preferred rights at the date of issuance of the Series A financing to Series C+ financing. Further details are described in Note 29 (a).

40 DIVIDEND

[No dividend has been paid or declared by the Company or subsidiaries of the Company during the Track Record Period and up to the date of this report.]

41 SUBSEQUENT EVENTS

[The Company has adopted a share option scheme pursuant to a resolution passed on 23 September 2024 (the “**2024 Share Option Scheme**”).

The purpose of the 2024 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined below) for their contribution to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group.

The Eligible Participants of the 2024 Share Option Scheme include the directors, chief executive and employees of the Company or any of its subsidiaries and any persons (whether a natural person, a corporate entity or otherwise) who provide consultancy services to the Group.

The 2024 Share Option will be executed through granting the outstanding shares held by the Employee Stock Ownership Platform, Changsha Gangwan Investment Partnership (Limited Partnership) (“**Changsha Gangwan**”). Changsha Gangwan was set up in August 2017 and was controlled by Li Zexiang. The total number of outstanding shares will be granted in the 2024 Share Option Scheme are 4,305,280 shares.]

III SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared for the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2024 and up to the date of this report.]

APPENDIX IA

[REDACTED]

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set out in this Appendix II does not form part of the Accountants’ Report from BDO Limited, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company (the “**Unaudited [REDACTED] Financial Information**”) which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose to illustrate the effect of the [REDACTED] (as defined in the document) on the consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 30 June 2024 as if the [REDACTED] had taken place on 30 June 2024.

The Unaudited [REDACTED] Financial Information is prepared based on the consolidated net liabilities of the Group attributable to the equity holders of the Company as at 30 June 2024 as set out in the Accountants’ Report of the Group, the text of which is set out in Appendix I to this document, after incorporating the unaudited [REDACTED] adjustments described in the accompanying notes below.

The Unaudited [REDACTED] Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the equity holders of the Company had the [REDACTED] been completed as at 30 June 2024 or at any future dates following the [REDACTED].

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

Audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 30 June 2024	Estimated net [REDACTED] from the [REDACTED]	Reclassification of shares with preferred rights upon the completion of [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2024	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company per Share	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>		<i>Note 4</i>	<i>Note 5</i>

Based on the

[REDACTED] of
HK\$[REDACTED]

per H Share [(981,564)] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on the

Minimum
[REDACTED] of
HK\$[REDACTED]

per H Share [(981,564)] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to the equity holders of the Company as at 30 June 2024 is extracted from the Accountants’ Report set out in Appendix I to this document, which is based on the audited consolidated net liabilities of the Group attributable to the equity holders of the Company as at 30 June 2024 of approximately [RMB979,563,000] with adjustment for the intangible assets as at 30 June 2024 of approximately [RMB2,001,000].
2. The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] and the [REDACTED] of HK\$[REDACTED] per H Share and the Minimum [REDACTED] of HK\$[REDACTED] per H Share, after deduction of the [REDACTED] fees and other related expenses, without taking into account of any Shares which may be allotted by the Company pursuant to the general mandates. The estimated net [REDACTED] from the [REDACTED] are converted from Hong Kong dollars to Renminbi based on the exchange rate as detailed in note 5 below.
3. Upon the completion of [REDACTED] as at 30 June 2024, all preferred rights entitled to the Company’s investors will be expired and the financial instruments with preferred rights at amortized cost recognized due to these preferred rights would have been reclassified to equity. Accordingly, for the purpose of the unaudited [REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

financial information, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity holders of the Company as at 30 June 2024 will be increased by RMB1,829,144,000, being the carrying amount of the financial instruments with preferred rights at amortized cost as at 30 June 2024.

4. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue assuming the [REDACTED] had taken place on 30 June 2024, without taking into account of any Shares which may be allotted by the Company pursuant to the general mandates. The amount of unaudited [REDACTED] adjusted consolidated net tangible assets of the Company attributable to the equity holders of the Company per Share are converted from Hong Kong dollars to Renminbi based on the exchange rate as detailed in note 5 below.
5. For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets, the amounts stated in Renminbi are converted into Hong Kong dollars or Hong Kong dollars are converted to Renminbi at a rate of RMB0.9150 to HK\$1.00, as set out in the section headed “Information about this Document and the [REDACTED]” in 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.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

VALUATION REPORT

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this document received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2024 of the property interests held by the Company.



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[•] 2024

The Board of Directors
CiDi Inc. (希迪智駕(湖南)股份有限公司)
Building A3 and A4
Hunan Inspection and Testing Characteristic Industrial Park
No. 336 Xueshi Road, Yuelu District, Changsha City
Hunan Province, the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of CiDi Inc. (希迪智駕(湖南)股份有限公司) (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests (the “**Property**”) located in the People’s Republic of China (the “**PRC**”) held by the Group, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at [31 August 2024] (the “**Valuation Date**”).

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

APPENDIX III

VALUATION REPORT

In valuing the Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Property in the PRC, we have relied on the advice given by the Group and its legal advisor, being Zhong Lun Law Firm (北京市中倫(深圳)律師事務所) (the “**PRC Legal Advisor**”), regarding the titles to the Property.

In valuing the Property, we have relied on a legal opinion regarding the Property provided by the PRC Legal Adviser dated [•] (the “**PRC Legal Opinion**”). Unless otherwise stated, the Group has legally obtained the land use rights of the Property.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

In valuing the Property, due to the nature of the buildings and structures of the subject property, there are no market sales comparables readily available. We have valued the property interests on the basis of their depreciated replacement cost. Depreciated replacement cost is defined as “*the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimization*”. It is based on an estimation of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the building, including the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

APPENDIX III

VALUATION REPORT

We have assigned no commercial value to the property interests for which the Group has not possessed either the land titleship or the building ownership documents.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property in the PRC. Where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrance that might be attached to the Property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Adviser, concerning the validity of the title of the Property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject property. The site inspection was carried out on 10 September 2024 by Turman Cheung (Assistant Manager). He has more than 4 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or the PRC Legal Adviser or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

APPENDIX III

VALUATION REPORT

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note:

Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

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VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for owner occupation by the Company in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at [31 August 2024]</u>
			<i>RMB</i>
Changsha Intelligence Driving Institute Industrial Park, No. 60 Hebaotang West Road, Yuelu District, Changsha City, Hunan Province, the PRC (中國湖南省長沙市岳麓區荷包塘西路60號長沙智能駕駛研究園產業園)	<p>The property comprises two 2- and 13-storey industrial buildings over two 1- and 2-storey basement, with a total gross floor area of approximately 60,140.03 sq.m.</p> <p>The property was held for owner occupation as at the Valuation Date.</p> <p>As advised by the Group, the property was completed in August 2023.</p> <p>The classification, usage and area details are set out in Note 4.</p> <p>The property is located at Hebaotang West Road in Yuelu District, with approximately 26.0 km to Changsha South Railway Station and 49.7 km to Changsha Huanghua International Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 1 August 2069 for industrial use.</p>	<p>The property was occupied by the Group as at the Valuation Date for manufacturing purpose.</p>	<p>[254,810,000]</p> <p>(67% interest attributable to the Company: [169,870,000])</p>

APPENDIX III

VALUATION REPORT

Notes:

1. Pursuant to 9 Real Estate Ownership Certificates issued by [Hunan Xiangjiang New Area Management Committee Bureau of Natural Resources and Planning] (湖南湘江新區管理委員會自然資源和規劃局), the land use rights and building ownership of the property have been vested in Changsha CiDi Intelligent Construction Co., Ltd. (長沙希迪智慧建築有限責任公司, “**Changsha CiDi Construction**”), in which the Company holds a direct ownership stake of 67%, with the details as follows:

No.	Certificate No.	Land Usage	Building Usage	Expiry Date	Site Area <i>(sq.m.)</i>	Gross Floor Area <i>(sq.m.)</i>
1	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360291.	Industrial	Industrial	1 August 2069	53,395.62	24,404.39
2	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360285.	Industrial	Industrial	1 August 2069	53,395.62	10,404.65
3	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360289.	Industrial	Utility Facility	1 August 2069	53,395.62	71.22
4	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360297.	Industrial	Utility Facility	1 August 2069	53,395.62	221.78
5	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360287.	Industrial	Utility Facility	1 August 2069	53,395.62	75.65
6	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360298.	Industrial	Utility Facility	1 August 2069	53,395.62	19.89
7	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360292.	Industrial	Utility Facility	1 August 2069	53,395.62	21.55
8	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360294.	Industrial	Utility Facility	1 August 2069	53,395.62	41.17
9	Xiang (2023) Chang Sha Shi Bu Dong Chan Quan Di No. 0360852.	Industrial	Carpark	1 August 2069	53,395.62	10,903.92
Total:						46,164.22

2. As advised by the Group, the title certificates of building ownership of portions of the property with a total gross floor area of approximately 13,975.81 sq.m. (the “**Basement (Zone B)**”) has not been obtained.

APPENDIX III

VALUATION REPORT

3. In undertaking our valuation, we have assigned no commercial value to the property since Changsha CiDi Construction has yet to obtain proper title certificates of the Basement (Zone B) For reference purposes, we are of the opinion that the estimated value of the Basement (Zone B) as at the Valuation Date would be [RMB80,730,000], assuming the Basement (Zone B) could be freely transferred in the market.

4. As advised by the Group, the details of the property are set out as below:

Classification	Usage	Gross Floor Area <i>(sq.m.)</i>
Property interests held for owner occupation by the Company in the PRC.	Industrial	34,809.04
	Utility Facility	451.26
	Carpark	24,879.73
	Total:	60,140.03

5. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following: -

- a. Changsha CiDi Construction has fully settled all land premium and legally and validly obtained the land use rights of the property and the building ownership of portions of the property with a total gross floor area of approximately 46,164.22 sq.m. under the terms of the Real Estate Ownership Certificate;
- b. The building ownership of portions of the property with a total gross floor area of approximately 35,308.31 sq.m. have been pledged to Bank of Communications Co., Ltd. (Hunan Provincial Branch) (交通銀行股份有限公司湖南省分行);
- c. The property has not been subjected to any other encumbrances; and
- d. Changsha CiDi Construction has the right to freely occupy or use the land use rights of the property.

6. In the course of our valuation, we assume that the property is transferable without legal impediment.

7. Our valuation has been made on the following basis and analysis:

In our valuation of the land use rights, we have considered and analyzed [4] land sale comparables in the vicinity. The adjusted site values of the land sales range from [RMB700] to [RMB740] per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The adjusted replacement costs range from [RMB4,430] per sq.m. to [RMB4,490] per sq.m. for industrial buildings and from [RMB5,650] per sq.m. to [RMB6,150] per sq.m. for basements based on our research of the local construction costs. The replacement cost adopted in the valuation is consistent with the findings of our research.

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 reside or are otherwise subject to tax. The following summary of certain relevant taxation provisions is based on laws and practices in effect as of the Latest Practicable Date, and the foregoing laws and practices are subject to change or adjustment, and may have retrospective effect, and therefore the following summary of taxation provisions does not constitute any comments or suggestions. The discussion does not cover all tax consequences that may be related to relevant investments in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares.

No issues on PRC or Hong Kong taxation other than income tax, capital gain and profit tax, business tax/VAT, stamp duty and estate duty were referred in the discussion. Prospective investors 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 Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended and issued on August 31, 2018, and came into force 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 most recently amended and issued on December 18, 2018, and came into force on January 1, 2019 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat 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 an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

Pursuant to 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》), which was signed on August 21, 2006 and came into effect on December 8, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural

APPENDIX IV

TAXATION AND FOREIGN EXCHANGE

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 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, states that such provisions shall not apply to arrangements or transactions made for the primary purpose of gaining such tax benefit.

In addition, the application of the dividend clause of tax agreements shall be subject to provisions of the PRC tax laws and regulations, such as the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《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》) (國稅函[2009]81號), which came into force on February 20, 2009. While determining the taxation applicable to dividends under the Arrangement, the investors shall comply with these regulations.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the National People's Congress ("NPC") on March 16, 2007, effective as at January 1, 2008 and amended on February 24, 2017, and December 29, 2018, and the Implementation Provisions for 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》) promulgated on December 6, 2007, effective as at January 1, 2008 and amended in 2019 (hereinafter collectively referred to as the "EIT Law"), a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such withholding tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. The withholding tax may be reduced or exempted pursuant to applicable treaties for the avoidance of double taxation.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《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》國稅函[2008]897號) which was issued by

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the State Taxation Administration on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stocks such as B-shares (Guo Shui Han [2009] No. 394) (《國家稅務總局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》國稅函[2009]394號) which was issued by the State Taxation Administration on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty that China has concluded with a relevant jurisdiction.

Pursuant to 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》), which was signed on August 21, 2006 and came into effect on December 8, 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 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, states that such provisions shall not apply to arrangements or transactions made for the primary purpose of gaining such tax benefit.

In addition, the application of the dividend clause of tax agreements shall be subject to provisions of the PRC tax laws and regulations, such as the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui Han [2009] No. 81) (《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》) (國稅函[2009]81號), which came into force on February 20, 2009. While determining the taxation applicable to dividends under the Arrangement, the investors shall comply with these regulations.

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Tax Treaties

Non-resident investors residing in countries or jurisdictions which have entered into treaties for the avoidance of double taxation with the PRC might be entitled to a reduction or exemption of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including the Hong Kong Special Administrative Region, Macau Special Administrative Region, 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 treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval from the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

According to the Circular on the Pilot Program for Overall Implementation of the Collection of VAT Instead of Business Tax (Cai Shui [2016] No.36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) (“**Circular 36**”), which came into force on May 1, 2016, and was amended on July 11, 2017, December 25, 2017 and March 20, 2019, entities and individuals engaged in service sales in the PRC are subject to VAT and “engaged in service sales in the PRC” means that the service providers or service users of transactions are located in the PRC.

Circular 36 also stipulates that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue. For this purpose, taxable revenue is the balance of the sales price upon the deduction of the purchase price. This liability of VAT applies to general and foreign VAT taxpayers. It is noted that, individuals who transfer financial products are exempt from VAT, which is also stipulated in the Notice of the Ministry of Finance and the State Taxation Administration on Several Policies concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009.

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According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; however, if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

However, given that there are no explicit regulations, it is still uncertain whether non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall usually be subject to 12% of the VAT payable (if any).

Income tax

Individual Investors

According to the IIT Law, as for individuals, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. However, pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) issued jointly by the Ministry of Finance and the State Taxation Administration on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises is exempted from individual income tax.

However, on December 31, 2009, the Ministry of Finance, the State Taxation Administration and the 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 (Cai Shui [2009] No. 167) (《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》(財稅[2009]167號)). This circular came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market 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 (Cai Shui [2010] No. 70) (《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》財稅[2010]70號)), which was jointly issued by the above-mentioned three departments on November 10, 2010 and came into force on the same day).

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As of the Latest Practicable Date, no aforesaid provisions have expressly provided that 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 Rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise. However, this tax only applies to the non-resident enterprise that 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 by non-resident enterprises is deducted at source, where the payer should be the withholding agent, and the income tax amount is required to be withheld from the amount to be paid by the withholding agent when every such payment is made or due. It is noted that, such tax may be reduced or exempted pursuant to applicable tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to all kinds of documents having legally binding force in the PRC and protected under the PRC laws, thus PRC stamp duty shall not apply to the acquisition and disposal of H Shares outside China.

Estate duty

No estate duty has been levied in the PRC under the current PRC laws.

Enterprise Income Tax

According to the EIT Law, the enterprise income tax rate in the PRC is 25% and is in line with the rate applicable to foreign-invested enterprises and foreign enterprises.

Pursuant to the Administrative Measures for Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance, the State Taxation Administration on April 14, 2008 and amended on January 29, 2016, and became effective on January 1, 2016, enterprises qualified as “High-tech Enterprises” are entitled to apply for a preferential enterprise income tax rate of 15% in accordance with the relevant provisions of the EIT Law. According to the Notice Regarding the

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Promotion of the Income Tax Policy for Technologically Advanced Service Enterprises to the Whole Country 《關於將技術先進型服務企業所得稅政策推廣至全國實施的通知》，which was promulgated by the Ministry of Finance, the State Taxation Administration, the Ministry of Commerce, the Ministry of Science and Technology, and the National Development and Reform Commission on November 2, 2017 and went into effect on January 1, 2018, the relevant preferential policies on enterprise income tax stipulated have been effective since January 1, 2017), and recognized technologically advanced service enterprises are entitled to a reduced rate of 15% for the enterprise income tax nationwide. The education expenditures of employees in recognized technologically advanced service enterprises that do not exceed 8% of the total wages and salaries can be deducted from the taxable income. The excess is allowed to be carried forward for deduction in subsequent tax years.

VAT

Before August 2013 and pursuant to applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenue generated from providing services. However, if the services provided are related to technology development and transfer, the business tax may be exempted upon approval from the relevant tax authorities.

In November 2011, the Ministry of Finance and the State Taxation Administration promulgated the Pilot Plan for Imposition of VAT to Replace Business Tax (《營業稅改徵增值稅試點方案》). In May and December 2013, April 2014, March 2016 and July 2017, the Ministry of Finance and the State Taxation Administration promulgated five circulars to further expand the scope of services that are to be subject to VAT instead of business tax. Pursuant to these tax rules, from August 1, 2013, a VAT was imposed to replace the business tax in certain service industries, including technology services and advertising services, and from May 1, 2016, VAT replaced business tax in all industries, on a nationwide basis. On November 19, 2017, the State Council further amended the Interim Regulation of the People's Republic of China on VAT (《中華人民共和國增值稅暫行條例》) to reflect the normalization of the pilot program. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT rate applicable to the small-scale taxpayers is 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

According to the Notice on Adjustment of VAT Rates (Cai Shui [2018] No. 32) (《關於調整增值稅稅率的通知》(財稅[2018]32號), which was issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and came into effect on May 1, 2018, for VAT payers' sales activities or import of goods that are subject to VAT at an existing applicable rate of 17% and 11%, the applicable VAT rate is adjusted to 16% and 10%, respectively.

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According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019, and came into effect on April 1, 2019, for VAT payers' sales activities or import of goods that are subject to VAT at an existing applicable rate of 16% and 10%, the applicable VAT rate is adjusted to 13% and 9%, respectively.

Hong Kong Taxation

Tax on dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital gains tax and profits tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, professional services or business in Hong Kong, where such gains are derived from or arise from such trade, professional services or business in Hong Kong will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Gains of certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held as long-term investments. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Hong Kong profits tax shall be paid in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of each Hong Kong security (including H Shares), will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares. (in other words, a total of 0.2% is currently levied on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties to trading is

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a resident outside Hong Kong and does not pay the ad valorem duty, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 (《2005年收入(取消遺產稅)條例》) came into effect on February 11, 2006 in Hong Kong, pursuant to which, no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE MANAGEMENT IN THE PRC

Renminbi ("RMB") is the lawful currency of the PRC, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Administration Regulations") which was issued by the State Council on January 29, 1996 and came into force on April 1, 1996, classifies all international payments and transfers into current accounts and capital accounts. Current accounts are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital accounts, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure. The Foreign Exchange Administration Regulations was amended on January 14, 1997 and August 5, 2008. The latest amended Foreign Exchange Administration Regulations clearly explains that China will not impose any restrictions on international payments and transfers under current accounts, while capital accounts are still subject to relevant approvals.

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The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and came into force on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current accounts, while imposing existing restrictions on foreign exchange transactions under capital accounts.

According to the Announcement of the PBOC on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (PBOC announcement [2005] No. 16) (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)), which was issued by the PBOC on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the amended Foreign Exchange Administration Regulations (the “**Amended Foreign Exchange Administration Regulations**”), which has made significant changes to China’s foreign exchange regulatory system. Firstly, the Amended Foreign Exchange Administration Regulations equalize the inflow and outflow of foreign capital. Foreign currency income can be repatriated from overseas to China or deposited overseas, while foreign currencies in the capital accounts and funds for foreign currency settlement can be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Secondly, the Amended Foreign Exchange Administration Regulations improves the RMB exchange rate mechanism which is based on market supply and demand. Thirdly, according to the Amended Foreign Exchange Administration Regulations, the monitoring of cross-border capital flow of foreign currencies will be strengthened, and the State may adopt necessary safeguard and control measures on international revenues and expenditure in the event that cross-border trade revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis. Fourthly, the Amended Foreign Exchange Administration Regulations strengthens the regulations and supervision of foreign currency transactions and grant various authorities to the State Administration of Foreign Exchange to enhance its supervisory and regulatory capabilities.

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 the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange

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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 (such as our Company) may, on the strength of resolutions of the Board of Directors or the general meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the State Administration of Foreign Exchange and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by the State Administration of Foreign Exchange and came into effect on December 26, 2014, a domestic company shall, within 15 working days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the State Administration of Foreign Exchange at the place of its establishment; and 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.

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 (Hui Fa [2015] No. 13) (《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》(匯發[2015]13號)), which was issued by the State Administration of Foreign Exchange on February 13, 2015 and came into effect on June 1, 2015, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The State Administration of Foreign Exchange 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 on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Account (Hui Fa [2016] No. 16) (《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》(匯發 [2016] 16 號)) which was promulgated by the State Administration of Foreign Exchange and came into effect on June 9, 2016, foreign currency earnings in capital accounts that relevant policies of discretionary settlement have been clearly implemented (including foreign exchange capital, foreign debt and

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repatriated funds raised through overseas listing) may be settled at the banks according to actual operational 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 State Administration of Foreign Exchange in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, 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 (Hui Fa [2017] No.3)(《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》(匯發[2017]3號)) was issued by the State Administration of Foreign Exchange to further expand the scope of settlement for domestic foreign exchange loans. According to the notice, settlement for domestic foreign exchange loans with export background under goods trading, repatriation of funds under domestic guaranteed foreign loans for domestic utilization, and settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Zone are allowed; the management model of full-coverage RMB and foreign currency overseas lending is adopted; 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.

On October 23, 2019, the State Administration of Foreign Exchange issued the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (Hui Fa [2019] No. 28) (《國家外匯管理局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 allows all foreign-invested enterprises to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment in China is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated by the State Administration of Foreign Exchange on April 10, 2020 and came into force on June 1, 2020, the reform of facilitating the payments of incomes under the capital account shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and complying with the prevailing administrative provisions on use of income in capital accounts, qualified enterprises are allowed to use income in the capital account for domestic payment, such as capital funds, foreign debt and proceeds from overseas listing, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This appendix sets out a summary of certain aspects of the PRC laws and regulations relevant to the operations and business of the Company. The PRC laws and regulations relating to taxation are set out in “**Appendix V — Taxation and Foreign Exchange**”. This appendix also contains a summary of certain Hong Kong legal and regulatory provisions. For discussion of the laws and regulations that specifically govern the business of the Company, see “**Regulatory Overview**”.

1. PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》)(the “**Legislation Law**”), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities with districts, such provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing

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committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities with districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the granted power of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws and administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities and cities with districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws or decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws or decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

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The PRC Judicial System

Under the Constitution, the Law of Organization of the People’s Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People’s Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people’s courts of the PRC are classified into the Supreme People’s Court, the local people’s courts at various levels, and other special people’s courts. The local people’s courts at various levels are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts may set up a number of people’s tribunals based on the facts of the region, population and cases. The Supreme People’s Court is the highest judicial authority. The Supreme People’s Court shall supervise the judicial work of the local people’s courts at all levels and special people’s courts, and people’s courts at higher levels shall supervise the judicial work of people’s courts at lower levels. The Chinese People’s Procuratorates are divided into the Supreme People’s Procuratorate, local people’s procuratorates at various levels, and specialized people’s procuratorates such as the Military Procuratorate. The Supreme People’s Procuratorate is the highest procuratorial organ. The Supreme People’s Procuratorate directs the work of the local people’s procuratorates and specialized people’s procuratorates at all levels, and the people’s procuratorates at higher levels direct the work of the people’s procuratorates at lower levels.

The people’s court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people’s court are final. The parties may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s court are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court are final. The first judgments or rulings of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**PRC Civil Procedure Law**”) promulgated on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each

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party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national

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sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people’s court to recognize and enforce it.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies

On February 17, 2023, CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “**Overseas Listing Trial Measures**”), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

Guidelines for the Articles of Association of Listed Companies

On December 15, 2023, the CSRC promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (the “**Guidelines for the Articles of Association**”). Pursuant to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for Application of Regulatory Rules – Overseas Listing Category No.1, domestic enterprises that are directly listed overseas shall formulate its articles of association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on the main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

The PRC Company Law

The PRC Company Law was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994, and was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The latest revised PRC Company Law was implemented on July 1, 2024.

A “joint stock company” refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

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A joint stock company shall obey the relevant laws and administrative regulations when engaging in business activities. It may invest in other limited liability companies and joint stock companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a joint stock company shall not be jointly and severally liable for the debts of the invested enterprises in the capacity of a capital contributor.

Incorporation

A company may be incorporated by way of promotion or by raising. A company shall be incorporated by one to 200 promoters, and at least more than half of the promoters must reside in the PRC. For a company established by way of promotion, its registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No shares shall be raised from others before the shares subscribed for by the promoters are fully paid up. For a company established by raising, not less than 35% of its total number of shares that shall be issued at the time of the establishment as stipulated in the articles of association of the company must be subscribed for by the promoters. However, where laws and administrative regulations provide otherwise, such provisions shall prevail.

For companies incorporated by way of promotion, the promoters shall fully subscribe for the shares to be issued upon the establishment of the company as stipulated in the articles of association. Where capital is contributed in the form of non-monetary assets, the non-monetary property used as capital shall be appraised and verified, and shall not be over- or under-valued. If there are provisions in the laws and administrative regulations on valuation, such provisions shall apply. The promoter shall pay the full amount of the shares subscribed for by the promoter before the establishment of the company, and if the promoter fails to pay the full amount of the capital contribution by the due date, in addition to paying the full amount of the capital contribution to the company, the promoter shall also be liable to compensate the company for the losses caused to the company.

Where joint stock companies are established by raising, the shares subscribed by the promoters shall not less than 35% of the total number of shares to be issued upon the establishment of the company as stipulated in the articles of association of the company, unless otherwise provided for by laws or administrative regulations. A document shall be published and a subscription letter shall be prepared when the promoters openly solicits shares from the public. The subscription letter shall be filled in by the subscriber with the number of shares to be subscribed, amount, address, and signed and sealed. The subscribers shall pay up monies for the shares they subscribe for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall

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receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters of joint stock companies established by raising shall convene an inaugural meeting within thirty days from the date on which the subscription monies for the shares to be issued upon the establishment of the company has been fully paid up. The promoter shall notify the subscribers of the date of the meeting or make a public announcement fifteen days prior to the convening of the inaugural meeting. The inaugural meeting shall be held in the presence of a majority of the subscribers holding voting rights. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after approval of registration has been given by the company registration authority and a business license has been issued. After the establishment of the company, the board of directors shall verify the capital contributions of the shareholders, and if it is found that the shareholders have not paid the capital contributions stipulated in the articles of association of the company in full and on time, a written reminder shall be issued by the company to such shareholders to call for the payment of the capital contributions.

The promoters of a company shall:

- (I) individually and jointly be liable for the payment of all liabilities and expenses incurred in the incorporation process if the company cannot be incorporated;
- (II) individually and jointly be liable for the repayment of subscription monies to the subscribers together with interest at bank rates of a deposit for the same period if the company cannot be incorporated;
- (III) be liable for the civil liabilities arising from the civil activities carried out by the promoter in their own names in order to incorporate the company in the course of incorporation of a company, which is requested by the option of the third party; and
- (IV) in the course of incorporation of a company, if the promoters cause damage to another person as a result of the performance of their duties in the incorporation of the company, the company or the promoter who is not at fault may, after assuming the liability, recover the compensation from the promoter who is at fault.

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Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights or equity interests or debentures which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

The capital of a company is divided into shares. All the shares of the company are either par value or non-par value shares, according to the provisions of the articles of association. In the case of par value shares, each share has an equal amount. The company may convert all issued par value shares into non-par value shares or all non-par value shares into par value shares in accordance with the provisions of the articles of association. In the case of non-par value shares, more than one-half of the proceeds from the issuance of shares shall be credited to the registered capital.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The offering price of par value share certificates may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

Increase in Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a general meeting. In addition, the Securities Law of the PRC (the “**PRC Securities Law**”) also stipulates the following conditions for the company’s public offering of new shares:

- (I) have a sound organisational structure with satisfactory operating;
- (II) have the capability of sustainable operation;
- (III) have been issued with an unqualified opinion audit report by the auditor for the company’s financial accounting documents in the latest three years;

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- (IV) the issuer and its controlling shareholder(s) and actual controlling party do not have criminal record during the past three years for corruption, bribery, encroachment of assets, misappropriation of assets or disruption of socialist market economy order; and
- (V) other conditions required by the securities administration department of the State Council as approved by the State Council. After the new shares issued by the company have been fully paid up, the change must be registered with the company registration authority and a public announcement shall be made.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

- (I) the company shall prepare a balance sheet and an inventory of properties;
- (II) make a resolution at a general meeting to reduce the registered capital;
- (III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;
- (IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and
- (V) the company must apply to the company's registration authority for a change in registration.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

- (I) reduction of the registered capital of the company;
- (II) merger with another company that holds its shares;
- (III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

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- (IV) request from shareholders who object to a resolution of a general meeting on merger or division of the company to acquire their shares by the company;
- (V) use of shares for conversion of convertible corporate bonds issued by the listed company; and
- (VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a general meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the board of directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the articles of association or as authorized by the general meetings.

The shares acquired by the Company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the Company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A listed company acquires its own shares shall perform their obligation of information disclosure according to the provisions of the PRC Securities Law. A listed company acquires its own shares under any of the circumstances stipulated in item (III), item (V) and item (VI) hereof, shall be carried out trading in public and centralized manner.

A company shall not accept its own shares as the subject matter of a mortgage.

Transfer of Shares

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his share certificates on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of registered share certificates by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of registered shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be

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registered within 20 days before the convening of a general meeting or five days prior to the base date on which the company decides to distribute dividends. However, where there are separate provisions by law on the change of registration in the register of members of listed companies, those provisions shall prevail. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Pursuant to the PRC Company Law, shares issued prior to the public offering of the company's shares may not be transferred within one year from the date on which the company's share certificates are listed and traded on the Stock Exchange, provided that where laws, administrative regulations or the securities regulatory authorities under the State Council provide otherwise in respect of the transfer by shareholders or de facto controllers of a listed company of the shares in the company held by such shareholders or de facto controllers, such provisions shall prevail. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year; they shall not transfer the shares of the company they hold within one year of the date of the company's listing on the Stock Exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its unlisted domestic shares applying to convert its unlisted domestic shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

- (I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;
- (II) to petition the people's court to revoke any resolution of a general meeting or a general meeting or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the articles of association, or any resolution the contents of which is in violation of the laws,

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administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution;

(III) to transfer his/her shares legally;

(IV) to attend or appoint a proxy to attend general meetings and exercise the voting rights;

(V) to inspect the Articles of Association of the company, share register, counterfoil of company debentures, the minutes of general meetings, board resolutions, resolutions of the supervisory committee and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(VI) to receive dividends in respect of the number of shares held;

(VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(VIII) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Pursuant to the Overseas Listing Trial Measures, a domestic company offering and listing overseas shall file with the CSRC as per requirement of this Measures, submit relevant materials that contain a filing report and a legal opinion, and provide truthful, accurate and complete information on the shareholders, etc.

General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(I) to elect and replace the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;

(II) to consider and approve the reports of the board of directors;

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- (III) to consider and approve the reports of the supervisory committee;
- (IV) to consider and approve the company's profit distribution and loss recovery proposals;
- (V) to decide on any increase or reduction of the company's registered capital;
- (VI) to decide on the issue of corporate bonds;
- (VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (VIII) to amend the articles of association;
- (IX) to exercise any other authority stipulated in the articles of association.

The general meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a general meeting is required to be held once a year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following:

- (I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;
- (II) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital;
- (III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting;
- (IV) the board of directors deems necessary;
- (V) the supervisory committee so proposes; or
- (VI) any other circumstances as provided for in the Articles of Associations of the company.

The general meetings shall be convened and presided over by the Chairman. Where the Chairman is unable or fails to perform his duty, the general meetings shall be presided over by the vice chairman; where the vice chairman is unable or fails to perform his duty, the general meetings

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shall be presided over by a director jointly elected by no less than one half of the members of the board of directors. Where the board of directors is unable or fails to perform its duty in convening a general meeting, the supervisory committee shall timely convene and preside over such meeting. Where the supervisory committee fails to convene and preside over such meeting, shareholders who, individually or jointly, holding no less than 10% of the Company's total shares for no less than 90 consecutive days may independently convene and preside over the general meeting.

According to the PRC Company Law, to convene a general meeting, Company shall notify all shareholders of the time, place and matters to be considered at the meeting 20 days before the date of the general meeting; an extraordinary general meeting shall be notified to all shareholders 15 days before the date of meeting. Shareholders individually or jointly holding 1% or more of the Company's shares can make a provisional proposal in writing to the board of directors 10 days before the date of shareholders' general meeting; the board of directors shall notify other shareholders within 2 days after the receipt of such proposal and table the provisional motion to the general meeting for consideration. The contents of the provisional proposal shall fall within the scope of duties of the general meeting, with clear topics and specific resolutions. A general meeting shall not transact matters not stated in the two above-mentioned notices of meeting.

According to the PRC Company Law, shareholders present at general meeting have one vote for each share they hold, save that shares held by the Company are not entitled to any voting rights.

According to the provisions of the Articles of Association of the company or a resolution of the general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the general meetings. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the general meeting and shareholders may consolidate their voting rights when casting a vote. According to the PRC Company Law, resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, when the general meeting makes a decision to modify the Articles of Association of the company, or to increase or reduce the registered capital, or a resolution about the merger, split-up, dissolution or change of the company form, such resolutions shall be adopted by shareholders representing two-thirds or more of the voting rights of the shareholders in presence. Where the PRC Company Law and the Articles of Association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the Company and the other matters must be approved by way of resolution of the general meeting, the board of directors shall convene a general meeting promptly to vote on such matters by general meeting. Shareholders may entrust a proxy to attend shareholders' general meetings on his or her behalf by a power of attorney which sets forth the scope of exercising the voting rights. Shareholders may entrust a proxy to attend the general meetings by a power of attorney which sets forth the scope of exercising the voting rights.

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Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the power of attorney.

Board of Directors

A company shall have a board of directors, which shall consist of 3 or more members. For a company with more than 300 employees, except for a supervisory committee established by law with staff representatives the Company, members of the board of directors shall include staff representatives, who shall be democratically elected by the Company's staff at a staff representatives' meeting, general staff meeting or otherwise. The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

According to the provisions of the PRC Company Law, the board of directors may exercise the following powers:

- (I) to convene general meetings and report on its work to the general meetings;
- (II) to implement the resolutions passed by the shareholders at the general meetings;
- (III) to decide on the Company's operational plans and investment proposals;
- (IV) to formulate the Company's profit distribution proposals and loss recovery proposals;
- (V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;
- (VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;
- (VII) to decide on the setup of the Company's internal management organs;

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(VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;

(IX) to formulate the Company's basic management system; and

(X) other authority stipulated in the articles of association or granted by the general meetings.

Board meetings shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meetings. Interim Board meetings may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the Board meeting. The board of directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the board of directors. Board meetings shall be held only if more than one half of the Directors are present. Resolutions of the board of directors shall be passed by more than one half of all Directors. Resolutions of the board of directors shall be passed on a one person one vote basis. The Directors shall attend a Board meeting in person. If a director is unable to attend for any reasons, he/she may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the Articles of Association or resolutions of the general meeting, and as a result of which the Company sustains serious losses, the directors participating in the resolution are liable to compensate the Company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

According to the provisions of the PRC Company Law, the following person may not serve as a Director of the Company:

(I) devoid of or with restricted civil conduct ability;

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- (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; and within two years after the date of the completion of the probation period if probation is announced;

- (III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a directors, factory manager or business manager and has been held personally liable for the insolvency;

- (IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and

- (V) has been listed as a defaulter by a People's Court since he/she is liable to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

According to the provisions of the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over Board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

A joint stock limited company may, as stipulated in its articles of association, establish an Audit Committee within the board of directors composed of directors to exercise the functions and powers prescribed for the supervisory committee by the PRC Company Law, without establishing a supervisory committee or supervisor. The Audit Committee shall be composed of three or more members, and a majority of the members shall not hold positions in the company other than as directors and shall not have any relationship with the company that may affect their independent and objective judgment. Staff representatives in the board of directors of the company may serve as the members of the Audit Committee. When the Audit Committee makes a resolution, it shall be approved by more than half of all the members of the Audit Committee. When voting on

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resolutions of the Audit Committee, one member shall have one vote. The methods of deliberation and voting procedures of the Audit Committee shall be prescribed by the articles of association, except as provided in the PRC Company Law.

The company may establish other committees of the board of directors as provided in the articles of association.

Supervisory Committee

The company shall have a Supervisory Committee composed of not less than three members. The Supervisory Committee shall consist of shareholders representatives and an appropriate proportion of staff representatives of the Company, of which the proportion of staff representatives shall not be less than one-third, and the actual proportion shall be determined in the Articles of Association of the company. Representatives of the Company's staff at the supervisory committee shall be democratically elected by the Company's staff at a staff representatives' meeting, general staff meeting or otherwise. The supervisory committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory committee shall convene and preside over supervisory committee meetings. Where the vice chairman of the supervisory committee is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over supervisory committee meetings.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association of the company until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisor being less than the quorum.

The supervisory committee shall hold meetings no less than once every six months. An interim meeting of the supervisory committee may be convened at the request of the supervisors.

The supervisory committee may exercise the following powers:

- (I) to review the company's financial position;

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- (II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association of the company or resolutions of the general meetings;
- (III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;
- (IV) to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the PRC Company Law;
- (V) to submit proposals to the general meetings;
- (VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and
- (VII) to exercise any other authority stipulated in the Articles of Association of the company.

The supervisory committee shall make minutes of the meeting's decisions on the matters discussed, and the supervisors attending the meeting shall sign the minutes.

Supervisors may be present at Board meetings and make inquiries or proposals in respect of the resolutions of the board of directors. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

According to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who is responsible to the board of directors, may exercise his/her functions and powers in accordance with the provisions of the articles of association or as authorized by the board of directors. The Manager shall attend the Board meetings. The board of directors may decide that a member of the board of directors shall concurrently serve as the Manager.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the Articles of Association.

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Duties of Directors, Supervisors, General Manager and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the Articles of Association, and carry out their duties of loyalty and diligence. Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

In the meantime, directors and senior management are prohibited from:

- (I) embezzling the company's property and misappropriating company's funds;
- (II) depositing company funds into accounts under their own names or the names of other individuals;
- (III) using his/her authority to engage in bribery or accept other illegal income;
- (IV) accepting and possessing commissions paid by a third party for transactions conducted with the company;
- (V) unauthorized divulgence of confidential information of the company; and
- (VI) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes the law, administrative regulation or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish with relevant facts and information to the supervisory committee without obstructing the exercise of functions and powers by the supervisory committee or supervisors.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the

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company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the board of directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the supervisory committee or the board of directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the provisions described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

The Overseas Listing Trial Measures stipulates that the filling materials for overseas listing of domestic enterprises shall be true, accurate and complete, and shall not contain false records, misleading statements or material omissions. Domestic enterprises and their controlling shareholders, de facto controllers, directors, supervisors and senior management shall fulfill their obligations of information disclosure in accordance with the law, be honest, trustworthy, diligent and responsible and ensure that the filling materials are true, accurate and complete.

Finance and Accounting

According to the regulations of the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock company that makes public stock offerings must announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund, however, when the cumulative amount of the common reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not

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sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a general meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association of the company.

Profits distributed to shareholders by a resolution of a general meeting or the board of directors before losses have been made up and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company, and if any loss is caused to the company, the shareholders and the directors, supervisors, and senior management who are responsible for such distribution shall be liable for compensation. The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

Premiums from shares issued by a company at an issue price above their nominal value and other revenues required by the financial departments of the State Council to be stated as capital common reserve fund shall be accounted for as the capital common reserve fund of the company.

The common reserve fund of a company shall be applied to make up the company's losses, expand its production and operations or convert it into an increase in its capital. If a company's losses are to be covered by the common reserve fund, the company shall first utilize the discretionary common reserve fund and the statutory common reserve fund; if the losses still cannot be covered, the company may utilize the capital common reserve fund in accordance with the regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a general meeting, the board of directors or the supervisory committee in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the supervisory committee conducts a vote on the dismissal of

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the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

The Overseas Listing Trial Measures require that securities companies and law firms should conduct adequate verification of the filing materials of overseas listed enterprises.

Profit Distribution

According to PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. At the same time, the Overseas Listing Trial Measures stipulate that domestic enterprises may raise funds and pay dividends in foreign currencies or RMB for overseas listings.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a general meeting of the company regarding any amendment to a company's Articles of Association must affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association of the company approved by the resolution of the general meeting are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

- (I) upon expiry of term of business stipulated in the Articles of Association of the company or occurrence of other circumstances of dissolution stipulated in the Articles of Association of the company;
- (II) the general meeting has resolved to dissolve the company;
- (III) the company is dissolved by reason of its merger or division;

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(IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(V) Where the company encounters serious difficulties in its operations and management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing more than 10% of the voting rights of all shareholders of the company, and the people's court shall dissolve the company in accordance with the circumstances.

If the company is dissolved as provided above, it shall publish an announcement for dissolution in the National Enterprise Credit Information Publicity System within 10 days.

If the company has any of the circumstances described in paragraph (1) and (II) above and has not yet distributed its assets to its shareholders, it may carry on its existence by amending Articles of Association or by the resolution at a general meeting. The amendments to the Articles of Association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (I), (II), (IV) or (V) above, it should establish a liquidation team within 15 days of the date on which the dissolution matter occurs and commence the liquidation. The members of liquidation team shall be composed of directors, unless otherwise elected by the Articles of Association or by the resolution at a general meeting. If a liquidation team is not established within the prescribed period, interested parties may file an application with a people's court to appoint relevant personnel to form a liquidation team to conduct the liquidation. The people's court should accept such application and form a liquidation team to conduct liquidation in a timely manner.

The liquidation team may exercise following duties and powers during the liquidation:

(I) to verify the company's assets and to prepare a balance sheet and an inventory of assets;

(II) to inform creditors by notice or announcement;

(III) to deal with and liquidate any outstanding business of relevant company;

(IV) to pay all outstanding taxes and the taxes arising during the liquidation process;

(V) to settle claims and debts;

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(VI) to allocate the company's remaining assets after its debts have been paid off; and

(VII) to represent the company in civil lawsuits activities.

The liquidation team shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation team within 30 days of receipt of the notification or within 45 days of the date of the announcement if he/she has not received any notification.

The creditors declaring a claim shall explain matters relating to their claims and provide evidential materials. The liquidation team shall register the creditor's claims. In the claims declaration period, the liquidation team shall not make repayment to the creditors.

Upon disposal of the company's assets and preparation of the required balance sheet and inventory of assets, the liquidation team shall draw up a liquidation plan and submit this plan to a general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's assets shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's assets and preparation of the required balance sheet and inventory of assets, if the liquidation team becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following a company is declared bankrupt by the people's court, the liquidation team shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation of the company, the liquidation team shall prepare a liquidation report and submit it to the general meeting or a people's court for confirmation and the company registration authority to apply for cancelation of the company's registration, and an announcement of its termination shall be published. Members of the liquidation team are required to discharge their duties in good faith and perform their liquidation obligation in compliance with laws. Members of the liquidation team shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation team are liable to indemnify the company or its creditors in respect of

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any loss of the company or its creditors arising from their willful or material default. Furthermore, if the company is declared bankrupt according to laws, liquidation of a company bankrupt shall be processed in accordance with the relevant laws on corporate bankruptcy.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an entity registered abroad but based on the equity, assets, earnings, or other similar interests of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

- (I) the listing and financing fall under specific prohibiting in the laws, administrative regulations, or relevant national provisions;
- (II) the overseas offering and listing may constitute endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law;
- (III) the domestic company or its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;
- (IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;
- (V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application document is submitted.

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In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

- (I) change in controlling rights;
- (II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;
- (III) changing the listing status or transferring the listing board;
- (IV) voluntary or compulsory termination of a listing.

Pursuant to the Notice on Administrative Arrangements for Filing Concerning Overseas Issuance and Listings by Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》), which was promulgated by the CSRC on February 17, 2023 and came into effect on the same date, a domestic enterprise which has been issued and listed overseas before March 31, 2023 as stock enterprise (“**stock enterprise**”). The stock enterprise shall not need to file immediately, but the enterprise shall file as required if it involves the file matters such as refinancing subsequently. For the purpose of the domestic enterprise that has been granted approval letter by the CSRC for the overseas public raised shares and listing (including issuance of additional shares) by a joint stock company, the domestic enterprise may continue to promote overseas issuing and listing upon the expiration of the validity of the approval letter. The domestic enterprise shall file as required if it has not completed overseas issuing and listing upon the expiration of the validity of the approval letter.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings 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》), which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

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Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Under the PRC Company Law, if companies merge, a merger agreement shall be signed and the relevant companies shall prepare their respective balance sheets and asset lists. The companies are required to notify their respective creditors within 10 days from the date of passing the merger resolution and publish a merger announcement in newspapers within 30 days. Within 30 days from the date of receipt of the notification or 45 days from the date of the announcement if no notification has been received, the creditors may demand the companies to settle any outstanding debts or to provide guarantees accordingly.

In case of a merger, the debts and liabilities of the merging parties shall be assumed by the surviving or the newly established company. In case of a division, the company's assets shall be divided accordingly and balance sheets and asset lists shall be prepared. If the resolution for the demerger of the company is passed, the company shall notify all its creditors within 10 days from the date of passing the said resolution and shall announce the demerger in the newspapers within 30 days. The relevant liabilities of the company prior to the demerger (unless the company has reached a written agreement with its creditors on the settlement of the pre-demerger liabilities) shall be assumed jointly by the demerged company, except for those otherwise agreed by the company in a written agreement with its creditors on the settlement of the liabilities prior to the demerger.

Changes in registration arising from merger or demerger of a company shall be registered with the relevant Administration for Industry and Commerce.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating, and supervising all securities-related institutions in the PRC, and administering CSRC. The CSRC is the regulatory executive body of the Securities

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Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures relating to the public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The PRC Securities Law took effect on July 1, 1999, and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively, with the latest revised the PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**PRC Arbitration Law**”) was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreements by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court unless the arbitration agreement is invalid.

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Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to the composition of the arbitration committee in violation of the legal procedures, or the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention"), adopted on June 10, 1958 pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including violations of the public policy of that state. At the time of the PRC's accession to the Convention, the SCNPC declared that (I) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which came into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by mainland arbitral authorities acknowledged by Hong Kong can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the mainland China. Where a court of the mainland finds that enforcement in the mainland of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland, execution of the ruling may be ignored.

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Judicial Judgment and its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”) promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of Mainland China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People’s Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. “Written jurisdiction agreement” refers to a written agreement defining the exclusive jurisdiction of either the People’s Court of China or the court of the Hong Kong Special Administrative Region in order to resolve any dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the People’s Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meets certain conditions of the aforementioned regulations. On 18 January 2019, a further arrangement was reached between Hong Kong Special Administrative Region and the Supreme People’s Court, Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which became effective and replace the Arrangement on 29 January 2024, privileged that “Written jurisdiction agreement” reached under the Arrangement before 29 January 2024 will still apply. This New Arrangement further stipulates the scope and content of judgments applicable to the reciprocal recognition and enforcement and corresponding procedures and methods for applying, the circumstances concerning review, non-recognition and enforcement upon the jurisdiction of the court of first instance and the means of remedy. Non-monetary judgments and judgments on some intellectual property cases are included in the reciprocal recognition and enforcement of judgments in accordance with this New Arrangement.

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2. MATERIAL DIFFERENCES BETWEEN CERTAIN ASPECTS OF CORPORATION LAW IN THE PRC AND HONG KONG

The Hong Kong laws applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock company established in the PRC, the Company is governed by the PRC Company Law and all other applicable rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of material differences between Hong Kong law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under the Hong Kong law, a company with share capital, shall be incorporated by the Registrar of Companies in Hong Kong by issuing certificate of incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain pre-emption provisions. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock company may be incorporated by promotion or subscription.

Hong Kong law does not provide for minimum capital required for companies in Hong Kong.

Share Capital

No authorized share capital is required under the laws of Hong Kong. The share capital of the Hong Kong company is issued share capital. All proceeds from the issue of shares will be credited to the share capital and will form part of the share capital of a company. The directors of the Hong Kong company may issue new shares of the company with the prior approval of the shareholders (if necessary).

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The PRC Company Law also does not provide for authorized share capital. The registered capital is the amount of our issued share capital. Any increase in registered capital shall be approved by the general meetings and filed with the relevant PRC government and regulatory authorities.

Under the PRC Company Law, shareholders may make capital contributions in the form of money or appraised non-monetary assets including real objects, intellectual property and land use right which can be appraised in money and transferred according to laws. Non-monetary assets to be used as capital contributions must be appraised and verified and should not be overvalued or undervalued. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Transfer of Shares

Under PRC law, a joint stock company's domestic shares, which are denominated and subscribed for in Renminbi, in the share capital, generally may only be subscribed for and traded by the State, PRC legal persons, natural persons or other investment institutions permitted by laws and regulations. Overseas listed shares, which are denominated in Renminbi but subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau or Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. If H shares are qualified securities of the Hong Kong Stock Connect, the said shares may also be subscribed for or traded by Chinese investors based on a limited amount according to rules of the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Upon the completion of the filing procedures of CSRC for Full Circulation Application, the domestic unlisted shares of the H-share listed company might be listed and circulated on the Hong Kong Stock Exchange.

Under the PRC Company Law, a promoter of a joint stock company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares of the company on a stock exchange. Shares in a joint stock company held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such persons have left office. The Articles of Association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from (i) six-month lock-up period on the company's issue of additional shares and (ii) the 12-month lock-up period on controlling shareholders' disposal of shares after listing.

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Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, Guidelines for the Articles of Association stipulates that, the company (including its subsidiaries) shall not give any financial assistance, in the forms of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the company.

Notice of General Meetings

Under the PRC Company Law, notices of an annual general meeting and an extraordinary general meeting of the joint stock company must be given to shareholders 20 days and 15 days before the meeting, respectively. For a limited liability company incorporated in Hong Kong, the minimum period of notice is 14 days in case of other shareholders' meetings other than annual general meeting and 21 days in the case of an annual general meeting.

Quorum for General Meetings

Under Hong Kong Company Law, the quorum for a general meeting must be two members unless the Articles of Association of the company otherwise provide. For companies with only one member, the quorum must be one member. The PRC Company Law does not specify any quorum requirement for a general meeting.

Voting at General Meeting

Under the PRC Company Law, the passing of any resolution of a general meeting requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting in person or by proxy except in cases of resolutions on amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing not less than two-thirds of the voting rights represented by the shareholders who attend the general meeting in person or by proxy.

Under Hong Kong law, (i) an ordinary resolution may be passed by a simple majority of affirmative votes of the shareholders who attend the general meeting in person or by proxy, and (ii) a special resolution may be passed by no less than three fourths of affirmative votes of the shareholders who attend the general meeting in person or by proxy.

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Variation of Class Rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can otherwise promulgate requirements relating to other kinds of shares.

Under the Companies Ordinance, no rights attached to any class of shares can be varied unless:

- (I) If there are provisions in the Articles of Association relating to the variation of those rights, then in accordance with those provisions;
- (II) If there are not relevant provisions in the Articles of Associations, then (a) with the consent in writing of at least three fourths of the total voting rights of holders of the relevant class of shares, or (b) with the approval of a special resolution of the holders of the relevant class of shares at a separate meeting.

Directors

The PRC Company Law, unlike Hong Kong law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' rights to carry out major disposals or companies providing certain benefits, or prohibitions against compensation for loss of office without shareholders' approval. The PRC Company Law restricts the directors of a listed company who have interests or associations in the enterprises involved in the resolution of the board meetings from voting on the said resolution. All the above provisions have been incorporated in the Articles of Association, which are summarized in Appendix IV.

Supervisors

Under the PRC Company Law, a joint stock company's board of directors and general manager are subject to the supervision and inspection of supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Guidelines for Articles of Association provide that supervisors shall comply with laws, administrative regulations, and the Articles of Association, and have the obligation of loyalty and diligence to the company. Supervisors shall not take advantage of their power to accept bribes or other illegal income, and shall not encroach on the company's property.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their fiduciary duties in its own name.

Pursuant to the PRC Company Law, in the event that the directors, senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. If the supervisors are involved in the aforesaid circumstance, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding will cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Guidelines for the Articles of Association of Listed Companies also stipulates that, in the event that the directors or senior management violate laws, administrative regulations or the Articles of Association in the course of performance of their duties, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court; in the event that supervisory committee violate laws, administrative regulations or the Articles of Association in the course of performance of their duties, thereby causing damages to the company, shareholders may send written request to the board of directors to initiate proceedings in the people's court. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may initiate proceedings in the people's court.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his/her interests may petition to the court to either wind up the company or make an appropriate order

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The PRC Company Law stipulates that if the company's operation and management are seriously distressed and continuous existing will cause significant losses to shareholders' interests and cannot be resolved through other channels, shareholders holding more than 10% of the company's shareholders' voting rights may request the people's court to dissolve the company. The Guidelines for the Articles of Association of Listed Companies, however, contains provisions requiring controlling shareholders and ultimate controllers of a company shall have a duty of care to the company and the public shareholders of the company. Controlling shareholders shall exercise investors' rights in strict accordance with the law and shall not damage the lawful interests of a company or of the public shareholders of the company in any way such as via the distribution of profits, the asset reorganization, external investments, the occupying of company funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the company or of the public shareholders of the company.

Financial Disclosure

Under the PRC Company Law, a joint stock company is required to make its financial reports available at the company for inspection by shareholders 20 days before its annual general meeting. In addition, a company of which the shares are publicly offered must publish its financial reports in accordance with the PRC Company Law. A company shall prepare its financial and accounting reports at the end of each fiscal year, and submit the same to be audited by certified public accountants as required by law.

The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented at its annual general meeting, not less than 21 days before such meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the Articles of Association, minutes of the general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Dividend and Receiving Agent

Under the Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is three years.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding up and Miscellaneous Provisions) Ordinance or a compromise or debt repayment arrangement between the company and creditors or between the company and shareholders under Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. In addition, pursuant to the Companies Ordinance, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically.

Under PRC law, merger, division, dissolution or change the form of a joint stock company has to be approved in the general meetings by shareholders.

Arbitration of Disputes

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior management may be resolved through the courts. The Guidelines for the Articles of Association of Listed Companies provide that shareholders may sue directors, supervisors, managers and other senior management of the company, and shareholders may sue the company, and the company may sue its shareholders, directors, supervisors, managers and other senior management.

Statutory Deduction

Under the PRC Company Law, a joint stock company is required to make transfers equivalent to certain prescribed percentages of its after-tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

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Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management violate the provisions of laws, administrative regulation or the Articles of Association in performance of duties to the company, which results in damage to the company, that director, supervisor or senior manager shall be liable for compensation. In addition, the company's remedies are similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management), in line with the Listing Rules.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law, directors, supervisors and senior management are subject to obligations of loyalty and diligence. Under the Guidelines for Articles of Association, directors shall not conclude any contract or engage in any transaction with a company either in violation of the provisions of the Articles of Association of the company or without the approval of the general meetings.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days under certain circumstances) in a year, whereas, as required by the PRC Company Law, change of the register of shareholders arising from share transfer shall not be registered within 20 days before convening of a general meeting or within 5 days prior to the base date on which the company decides to distribute dividends.

Any person wishing to have detailed advice on PRC laws or the laws of any jurisdiction is recommended to seek independent legal advice.

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This appendix sets out summaries of the main clauses of our Articles of Association adopted on [•] [•] 2024 and the Articles of Association shall come into force from the date when the publicly issued H Shares of the Company are listed for trading on the main Board of the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors. As discussed in the appendix headed “Appendix VIII — Documents Delivered to the Registrar of Companies and Available on Display” to this document, the full document of the Articles of Association in Chinese is available for examination.

DIRECTORS AND BOARD OF DIRECTORS

Power to dispose of our Company’s or any of our subsidiaries’ assets

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions and external donations, and establish strict review and decision-making procedures; and material investment projects shall be reviewed by relevant experts and professionals and reported to the general meeting for approval. The Board’s decision-making authority of external investment, acquisition and sale of assets, asset mortgage and pledge, external guarantee matters, entrusted financial management, connected transactions, external donations and other matters is as follows:

- (1) To decide on external guarantee matters other than those required to be reviewed and approved by the general meeting as stipulated by laws, administrative regulations, departmental rules, supervisory rules of the place where the Company’s Shares are listed and the Articles of Association. When the Board reviews and approves a guarantee matter, such matter must be reviewed and approved by more than two-thirds of the Directors present at the Board’s meeting.
- (2) To decide on the connected transaction between the Company and connected person if any of the percentage ratios (other than profit ratios) for the connected transaction on normal commercial terms or on better terms, meets all of the following horizontal cut-off requirements:
 1. 0.1% or more;
 2. 1% or more if the transaction is a connected transaction solely because it involves a “connected person” at the “subsidiary” level; and

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3. 5% or more if the total consideration (in the case of "financial assistance", the aggregate amount of the "financial assistance" together with any pecuniary benefit paid to the connected person or jointly held entity) is also HK\$3 million or more;

Provided that any percentage ratio (other than a profit ratio) for a transaction on normal commercial terms or better terms shall be submitted to the general meeting for consideration if all of the following horizontal cut-off requirements are met:

1. 4.5% or more; and
 2. 25% or more if the total consideration (and in the case of financial assistance, the aggregate amount of the financial assistance together with any pecuniary benefit paid to the connected person or jointly held entity) is also HK\$10 million or more.
- (3) To decide on the following transactions (except for the provision of guarantees):
1. the total assets involved in the transaction account for more than 5% of the total value of the company's assets as set out in its annual accounts or its most recently published interim report;
 2. the operating revenue of the object of the transaction (such as equity) for the latest accounting year accounts for more than 5% of the company's audited operating revenue for the latest accounting year;
 3. the net profit related to the object of the transaction (such as equity) for the latest accounting year accounts for more than 5% of the company's audited net profit for the latest accounting year;
 4. the transaction consideration represents 5% or more of the average of the market capitalization of the company over the five days preceding the transaction date;
 5. if the company uses equity as the transaction consideration, the number of shares used as consideration represents 5% or more of the total number of shares of the company;
 6. any other matters that are required to be submitted to the Board for approval under the Hong Kong Listing Rules or relevant laws and regulations.

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When a company is not profitable, consideration should be given to whether an alternative net profit indicator can be selected or the application of the foregoing net profit indicator can be waived.

The above transactions are defined in Article 45, Paragraph 3 of the Articles of Incorporation. The above transactions shall be submitted to the shareholders' meeting for deliberation and approval after the Board of Directors' deliberation and approval if such matters are required to be submitted to the shareholders' meeting for deliberation and approval by the Board of Directors as stipulated in the laws, regulations, regulatory documents, the rules of the place where the Company's shares are listed, and the Articles of Association.

Compensation or payments for loss of office

Not applicable.

Loans to Directors

The Articles of Association do not contain any specific provision in respect of loaning to Directors. However, if the loans to Directors is a significant matter such as a connected transaction under the Articles of Association, it shall be strictly in accordance with the relevant system to fulfill the decision-making procedures to be reviewed by the Board of Directors or be reported to the general meeting for approval.

Disclosure of interests in contracts with our Company or any of our subsidiaries

Directors who directly or indirectly enter into a contract or a transaction with the Company shall report to the Board of Directors or at the general meeting on matters related to entering into the contract or transaction, which shall be approved by a resolution of the Board of Directors or the at the general meeting in accordance with the provisions of the Articles of Association.

The provisions of the preceding paragraph shall apply to entering into contracts or transactions with the Company by close family members of the Directors, enterprises directly or indirectly controlled by the Directors or their close family members, and associates who have other affiliations with the Directors.

Giving financial assistance to purchase the Shares of our Company or any of our subsidiaries

The Company or its subsidiaries (including its affiliates) shall not provide any financial assistance to those who purchase or intend to purchase the Company's Shares in the form of gifts, advances, guarantees, compensations, or loans.

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Remuneration

The appointment and removal of the members of the Board of Directors, as well as their remuneration and payment methods, shall be adopted by the general meeting by ordinary resolution.

Retirement, appointment, removal

The Company sets up the Board of Directors which shall be responsible for the Shareholders. The Board of Directors shall consist of eight Directors, including three independent non-executive Directors. All Directors shall be elected at the general meeting of Shareholders. The Board of Directors has one chairman and one vice chairman. The Board of Directors shall be elected by more than half of all Directors.

The Directors shall be elected or replaced by the general meeting, and may be removed by an ordinary resolution of the general meeting before the expiration of their term of office, subject to compliance with the relevant laws, administrative regulations, departmental rules, regulatory documents and the requirements of the Hong Kong Listing Rules. The Directors serve three-year terms, and can be re-elected and reappointed at the end of the term.

The term of office of a Director shall be calculated from the date of appointment until the expiration of the term of office of the current Board of Directors. If the term of office of a Director expires without timely re-election, the original Director shall still perform the duties of a Director in accordance with laws, administrative regulations, departmental rules, supervisory rules of the place where the Company's Shares are [REDACTED] and the Articles before the newly elected Director takes office.

Directors may be concurrently served by the general manager or other senior management personnel, but the total number of directors concurrently serving as general manager or other senior management personnel and directors served by employee representatives shall not exceed one-half of the total number of directors of the Company.

The procedures for the selection and appointment of a Director are as follows:

- (1) Shareholders who individually or jointly own more than 1% of the Company's Shares or the Board of Directors make a proposal for a Director candidate;
- (2) the Nomination Committee of the Board of Directors selects and reviews the director candidate and its qualifications and makes recommendations to the Board of Directors for its selection and appointment;

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- (3) the Board of Directors considers the appointment of the Director;
- (4) the Board of Directors submits a proposal for the consideration of the Director candidate to the general meeting;
- (5) the proposal for the Director candidate is voted on at the general meeting;
- (6) the Director approved by the general meeting takes office.

Directors of the Company are natural persons. A person cannot serve as a Director of the Company if any of the following circumstances applies, and a Director candidate cannot be nominated as a Director of the Company if any of the following circumstances applies:

- (1) a person without capacity or with restricted capacity for civil acts;
- (2) a person who has been sentenced to punishment because of corruption, bribery, infringement of property, misappropriation of property or sabotaging the socialist market economic order; or who has been deprived of his political rights on committing an offence, where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, and less than two years have elapsed since the date of the completion of the probation review if a suspended sentence is announced;
- (3) a person who is a former factory manager, director or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and ordered for closure due to a violation of law and he is personally liable for that, where less than three years have elapsed since the date of the revocation of the business licence and the closure ordered;
- (5) the person is personally liable for a substantial loan which is due for payment but remains unpaid;
- (6) the person is banned by the CSRC from entering into the securities market for a period which has not yet expired;

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- (7) other circumstances as stipulated by the laws, administrative regulations, departmental rules or supervisory rules of the place where the Company's Shares are [REDACTED].

For any election and appointment of a Director in contravention of the foregoing provisions, such election, appointment or employment shall be void and null. Where a Director falls into any of the circumstances stipulated in this article in his term of office, the Director shall be removed from office.

Powers to issue bonds

The Board of Directors shall be entitled to develop plans for our Company to issue bonds, and such plans must be implemented after being approved at the general meeting under the Articles of Association.

Duties

Directors owe loyalty duties to the Company. They should take measures to avoid conflicts between their own interests and those of the Company, and should not use their authority to obtain improper benefits. Directors shall comply with laws, administrative regulations and the Articles of Association and undertake the following loyalty duties to the Company:

- (1) not to exploit his/her position to accept bribes or to obtain other illegal income, and not to encroach upon the Company's properties;
- (2) not to misappropriate the funds of the Company;
- (3) not to deposit the assets or funds of the Company into an account opened in their own names or the name of another individual;
- (4) not to violate the provisions of the Articles of Association by lending the Company's funds to others or using the Company's properties to provide guarantees to others without the consent of the general meeting or the consent of the Board of Directors;
- (5) not to enter into a contract or transaction with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting;
- (6) without the consent of the general meeting, not to take advantage of their positions to capture business opportunities which should have been taken by the Company for themselves or others to engage in the same type of businesses as the Company's on their own or for others;

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- (7) not to take commissions from transactions with the Company;
- (8) not to disclose the secrets of the Company without authorization;
- (9) not to take advantage of their connected relationship with the Company as related parties to compromise the interests of the Company;
- (10) any other loyalty duties stipulated in the laws, administrative regulations, departmental rules, supervisory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association.

Any gain arising from the violation of the foregoing provisions by Directors shall belong to the Company. Such Directors shall be liable for compensation for any loss of the Company arising therefrom.

Directors owe diligence duties to the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company. Directors shall comply with laws, administrative regulations, supervisory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association, and perform their diligence obligations to the Company as follows:

- (1) to exercise the rights accredited by the Company in cautious, serious and due diligent manners so as to ensure that the commercial behaviours of the Company are in compliance with the PRC laws, administrative regulations and economic policies, and the commercial activities not exceeding the scope of business stipulated in the business license;
- (2) to treat all Shareholders in a fair and equitable manner;
- (3) to acquire the knowledge of the business operation and management of the Company on a timely basis;
- (4) to sign the written confirmation of regular reports of the Company;
- (5) to provide the relevant true details and data to the Supervisory Committee, and not to interfere with the Supervisory Committee or Supervisors in their exercise of powers;
- (6) other duties of diligence stipulated by the laws, administrative regulations, departmental rules supervisory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association.

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ALTERNATIONS TO CONSTITUTIONAL DOCUMENTS

Variation of rights of existing Shares or classes of Shares

In any of the following circumstances, the Company shall amend the Articles of Association:

- (1) after amendments are made to the Company Law or relative laws, and administrative regulations, the Articles of Association run counter to the said amendments;
- (2) the conditions of the Company have changed, and such change is inconsistent with the matters in the Articles of Association;
- (3) the general meeting has resolved to amend the Articles of Association.

If the amendment of the Articles of Association approved by a resolution at the general meeting requires approval by the competent authority, it must be submitted to the competent authority for approval. If it involves Company registration matters, change registration shall be handled in accordance with the law.

The Board of Directors shall amend the Company's Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval opinions of relevant competent authorities.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by Shareholders (including their proxies) attending the general meeting.

The following matters shall be resolved by a special resolution at a general meeting:

- (1) amendments to the Articles of Association and its annexes (including the Rules of Procedure for the general meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee);
- (2) issue and listing of bonds or any types of shares, warrants and other similar securities of the Company;
- (3) any increase or reduction in the Company's registered capital;

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- (4) division, merger, dissolution, liquidation or change of the corporate form of the Company;
- (5) purchase or disposal of material assets or provision of guarantees by the Company of a value exceeding 30% of the Company's total assets within one year;
- (6) the equity incentive plan and the employee shareholding scheme;
- (7) the acquisition of the Company's shares by the Company under the circumstances set out in Article 25(1) and (2) of the Articles of Association;
- (8) other matters that would have a material impact on the Company and shall be approved by special resolutions as determined by ordinary resolutions of general meeting;
- (9) Other matters required to be approved by special resolutions in accordance with laws, regulations and other relevant provisions, the Articles of Association or the Rules of Procedure of the general meeting.

The rights of class Shareholders to be changed or abolished by the Company shall be passed by a special resolution of the relevant class Shareholders at a separate Shareholders' meeting before proceeding when the Company's share capital is divided into different classes of Shares.

VOTING RIGHTS (GENERALLY AND ON A POLL)

The Shareholders (including their proxies) shall exercise their voting rights according to the number of voting Shares that they represent and each Share shall have one vote, except for class Shareholders (if applicable).

The Company's Shares which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting Shares represented by Shareholders attending a general meeting.

Shareholders who have a significant interest in the matters to be considered at the general meeting shall abstain from voting. The number of shares of a shareholder who has avoided voting shall not be counted as part of the total number of valid votes cast.

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REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

The general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous accounting year. The extraordinary general meeting is held from time to time. When an extraordinary general meeting shall be held in case of the circumstances specified in Article 47 of the Articles of Association, the extraordinary general meeting shall be convened within two months.

ACCOUNTING AND AUDITS

Financial and accounting policies

The Company formulates its financial and accounting system in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are [REDACTED] and the provisions of relevant PRC authorities.

At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.

The financial report shall include the following financial statements and associated breakdown:

- (1) balance sheet;
- (2) profit and loss statement;
- (3) cash flow statement;
- (4) notes to the financial statements;
- (5) profit distribution statement.

Where there are special requirements imposed by laws, administrative regulations, normative documents and the supervisory rules of the place where the Company's Shares are [REDACTED] for the financial statements, such requirements shall prevail.

The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty days before the date of every annual Shareholders' general meeting.

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The Company shall send (hereinafter referred to as 'post') by post, postage paid, 21 days before the date of the annual general meeting, to each shareholder of its overseas listed shares, an annual report comprising the annual accounts and a copy of the auditor's report thereon. The address of each shareholder shall be as recorded in the register of members of the Company. Subject to the conditions of the laws, administrative regulations and the regulatory rules of the place where the Company's shares are listed, the Company may adopt the form of announcement (including publication through the Company's website and the website of the Hong Kong Stock Exchange). Once the announcement has been made and the corresponding procedures have been fulfilled in accordance with the laws, administrative regulations and regulatory rules of the place where the Company's shares are listed, all shareholders are deemed to have received the aforesaid financial report.

The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations as well as international accounting standards or the accounting standards of its overseas [REDACTED] place. If there is any material difference between the financial statements prepared in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company distributes its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown in the two financial statements, which are prepared in accordance with (i) PRC accounting standards and regulations or (ii) international standards or the accounting standards of its overseas [REDACTED] place, shall prevail.

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations as well as international standards or the accounting standards of its overseas [REDACTED] place.

The Company shall comply with the Listing Rules of the Hong Kong Stock Exchange to issue an annual results announcement and an interim results announcement by not later than three months after the end of the financial year and two months after the end of the first six months' period of each year respectively.

The Company shall comply with the Listing Rules of the Hong Kong Stock Exchange to issue an annual report and an interim report by not later than four months after the end of the financial year and not later than three months after the end of the first six months of each year respectively.

The Company shall not maintain separate account books other than the statutory ones. The Company's funds shall not be deposited in any account opened in the name of any individual.

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Appointment and dismissal of accountants

Our company employs accounting firms that comply with the provisions of the PRC Securities Law and the supervisory rules of the place where the Company's Shares are [REDACTED] to conduct accounting statement auditing, net asset verification, other related consulting services and other businesses. The term of employment is one year and can be renewed.

The appointment of an accounting firm by the Company must be decided at a general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the general meeting.

The Company guarantees to provide the hired accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or give false information.

The audit fee of an accounting firm shall be determined by the general meeting.

When the Company dismisses or no longer renews the appointment of an accounting firm, the accounting firm shall be notified 10 days in advance. When the dismissal of an accounting firm is voted on at the general meeting, the accounting firm is allowed to state its opinions.

If the accounting firm resigns, it shall explain to the general meeting whether the Company has any improper circumstances.

NOTICE AND AGENDA OF GENERAL MEETINGS

The general meeting is the organ of authority of the Company, and shall exercise the following functions and powers according to law:

- (1) to determine the operating principles and investment plans of the Company;
- (2) to elect and replace any Director or Supervisor not being employee representative, and to determine the remuneration of the relevant Directors and Supervisors;
- (3) to review and approve the reports of the Board of Directors;
- (4) to review and approve the reports of the Supervisory Committee;
- (5) to review and approve the Company's profit distribution plans and loss recovery plans;

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- (6) to resolve on the Company's increase or decrease of registered capital;
- (7) to resolve on the issue and listing of bonds or any types of shares, warrants and other similar securities of the Company;
- (8) to resolve on the Company's merger, division, dissolution, liquidation or change of its corporate form;
- (9) to modify the Articles of Association;
- (10) to resolve on the engagement, dismissal of the accounting firm, the audit fees of the accounting firm or the way determining the audit fees;
- (11) to review and approve the guarantees as stipulated in Article 44 of the Company's Articles of Association;
- (12) to review matters relating to the acquisition or disposal of significant assets in an amount exceeding 30% of the latest audited total assets of the Company;
- (13) to review and approve matters relating to the changes in the use of proceeds;
- (14) to review the equity incentive plan and the employee shareholding scheme;
- (15) other powers and functions of the general meeting as set forth in the rules of procedure for the Company's general meeting; and to consider and review other matters which shall be decided at the general meeting under the laws, administrative regulations, departmental regulation, normative documents, the Hong Kong Listing Rules or the Articles of Association.

The above-mentioned functions and powers of the general meeting shall not be exercised by the Board of Directors or other institutions or individuals through authorization. Where the general meeting authorises the Board of Directors to excise certain powers, the details of the authorisation shall be clearly specified.

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The following acts of external guarantees of the Company shall be submitted to the general meeting for deliberation after being reviewed and approved by the Board of Directors:

- (1) any external guarantee with a single guarantee amount of 25% or more of the asset ratio, the consideration ratio, the profitability ratio and the income ratio (“**Percentage Ratios**”), as measured in accordance with the criteria set out in Chapter 14 of the Hong Kong Listing Rules;
- (2) any single guarantee for an amount more than 10% of the Company’s net assets as audited in the latest period;
- (3) any guarantee to be provided after the total amount of guarantees provided by the Company or its subsidiaries has exceeded 50% of the Company’s net assets as audited in the latest period;
- (4) any guarantee to be provided for a party whose liability-to-asset ratio exceeds 70%;
- (5) the amount guaranteed by the Company within 12 months exceeds 30% of its latest audited total assets;
- (6) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company’s net assets as audited in the latest period;
- (7) any guarantee to be provided to a Shareholder or an actual controller or a related party thereof;
- (8) other circumstances as stipulated in the Hong Kong Listing Rules, relevant laws, regulations, other normative documents or the Articles of Association.

When the Board of Directors considers guarantee matters, it must be approved by at least two-thirds of the directors present at the Board of Directors meeting. When the guarantee mentioned in clause (5) above is reviewed at the general meeting, it shall be passed by more than two-thirds of the voting rights held by the Shareholders present at the meeting.

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When a proposal on providing any guarantee for any Shareholder, actual controller and its related party is being reviewed at the general meeting, the said Shareholder or the Shareholders controlled by the said actual controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other Shareholders attending the general meeting.

Any transaction (other than external guarantees) of the Company that meets one of the following criteria shall be submitted to the general meeting for review and approval if:

- (1) the total assets involved in the transaction account for more than 25% of the total value of the company's assets as set out in its annual accounts or its most recently published interim report;
- (2) the operating revenue of the object of the transaction (such as equity) for the latest accounting year accounts for more than 25% of the company's audited operating revenue for the latest accounting year;
- (3) the net profit related to the object of the transaction (such as equity) for the latest accounting year accounts for 25% or more of the company's audited net profit for the latest accounting year;
- (4) the transaction consideration represents 25% or more of the average of the market capitalization of the company over the five days preceding the transaction date;
- (5) if the company uses equity as the consideration, the number of shares used as consideration represents 25% or more of the total number of shares of the company;
- (6) any other matters that are required to be submitted to the general meeting for approval under the Hong Kong Listing Rules or relevant laws and regulations.

When the Company is not profitable, it may be exempted from the application of the aforementioned net profit index.

The above-mentioned transactions include: purchase or disposal of assets; external investments (including entrusted wealth management, investments in subsidiaries, etc., excluding establishment or capital increase of wholly-owned subsidiaries); giving financial assistance (including entrusted loans); providing guarantees (referring to guarantees provided by the Company to others, including guarantees to controlling subsidiaries); leasing of assets as lessee or lessor; signing management contracts (including entrusted or trusted operations, etc.); giving or

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receiving assets as a gift; restructuring of claims or debts; transfer of research and development projects; entering into license agreements; waiver of rights (including waiver of preemptive rights and priority to subscribe for capital contribution).

The following activities of the Company are not subject to the provisions of the preceding paragraph: (1) purchase of raw materials, fuels and power related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement); (2) disposal of products, commodities and other assets related to daily operations (excluding the purchase and disposal of such assets involved in asset replacement); (3) main business activities of the Company, although the transactions stipulated in the preceding paragraph are carried out.

The Company shall convene an extraordinary general meeting within two months upon the actual occurrence of any of the following circumstances:

- (1) the number of Directors is less than the number specified in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of its total paid-in share capital;
- (3) a request is made by a Shareholder or Shareholders holding separately or in aggregate more than 10% of the Shares of the Company;
- (4) whenever the Board of Directors considers necessary;
- (5) when proposed by the Supervisory Committee;
- (6) any other circumstances as provided by laws, administrative regulations, departmental rules or the Articles of Association.

The Company shall convene a general meeting at the place where the Company is domiciled or at other location as specified in the notice convening the general meeting.

The general meeting shall have a venue and be held on-site. Subject to the laws, administrative regulations, departmental rules, regulatory documents and the Hong Kong Listing Rules, the Company may also hold a video or telephone conference, or hold a meeting by way of circulating written resolutions or other means to facilitate Shareholders' participation in the general meeting. Shareholders who participate the general meeting in the aforesaid manners shall be deemed to be present.

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Procedures for the general meeting:

A majority of independent non-executive Directors have the right to propose to the Board of Directors that an extraordinary general meeting be held. Where an independent non-executive Director proposes that an extraordinary general meeting be held, the Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an extraordinary general meeting should be held within ten days of receiving the proposal.

Where the Board of Directors agrees to hold an extraordinary general meeting, it shall send out a general meeting notice within five days of making its resolution; where the Board of Directors declines to hold an extraordinary general meeting, its reasons shall be given and announced.

The Supervisory Committee may propose to the Board of Directors that an extraordinary general meeting be held and shall make any such proposal to the Board of Directors in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an extraordinary general meeting should be held within ten days of receiving the proposal.

Where the Board of Directors agrees to hold an extraordinary general meeting, it shall send out a general meeting notice within five days of making its resolution. Changes to the original proposal(s) in the notice shall be subject to the consent of the Supervisory Committee.

Where the Board of Directors declines to hold an extraordinary general meeting nor does it respond within 10 days upon receipt of the proposal, the Board shall be deemed to be incapable of or has failed in performing the duty of convening a general meeting, in which case the Supervisory Committee may convene and preside over such meeting by itself.

Shareholder(s) who individually or jointly hold more than 10% of the Company Shares shall have the right to propose that the Board of Directors hold an extraordinary general meeting; any such request to the Board of Directors shall be made in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees that an extraordinary general meeting should be held within ten days of receiving any such request.

Where the Board of Directors agrees to hold an extraordinary general meeting, it shall send out a general meeting notice within five days of making its resolution. Changes to the original request(s) in the notice shall be subject to the consent of the Shareholders concerned.

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Where the Board of Directors declines to hold an extraordinary general meeting nor does it respond within 10 days upon receipt of such request, Shareholder(s) who individually or jointly hold more than 10% of the Company's Shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting; any such request to the Supervisory Committee shall be made in writing.

Where the Supervisory Committee agrees to hold an extraordinary general meeting, it shall send out a general meeting notice within five days upon receipt of such request. Changes to the original proposal(s) in the notice shall be subject to the consent of the Shareholders concerned.

Failure of the Supervisory Committee to issue the notice of the general meeting within the stipulated period shall be deemed as the failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders severally or jointly holding more than 10% of the Company's Shares for more than 90 consecutive days shall be entitled to convene and preside over the general meeting on their own.

Where the Supervisory Committee or Shareholders decide(s) to convene a general meeting on their own, they shall notify the Board in writing, and file with the securities regulatory authority at the place of incorporation of the Company and the place where the Company's Shares are [REDACTED] in accordance with applicable regulations (if necessary).

Before announcing the resolutions of the general meeting, the convening Shareholders should not hold less than 10% of the Shares.

The Supervisory Committee or the convening Shareholders shall submit relevant supporting materials (if necessary) to the securities regulatory authority at the place of incorporation of the Company and the place where the Company's Shares are [REDACTED] in accordance with applicable regulations when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting.

The contents of the proposal shall fall within the terms of reference of the general meeting, and the proposal shall provide clear agenda and specific matters on which resolutions are to be made, and shall comply with the relevant provisions of the laws, administrative regulations, the Listing Rules and the Articles of Association. The general meeting shall not vote on and make a resolution for any proposal not specified in the general meeting or not in compliance with the foregoing provisions.

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When the Company holds a general meeting, the Board of Directors, the Supervisory Committee and Shareholder(s) independently or jointly holding more than 1% of the Company's Shares shall have the right to make proposals to the Company. The Company shall not increase the shareholding of Shareholders who put forward interim proposals.

Shareholders independently or jointly holding more than 1% of the Company's Shares may, ten days before the general meeting is held, put forward interim proposals and submit such proposals in writing to the conveners. Interim proposals should have a clear topic and specific resolutions. The conveners shall notify other Shareholders within 2 days after receiving any such proposal and submit the same to the general meeting for consideration, provided that the interim proposal may not violate laws, administrative regulations or the Articles of Association, or fall within the scope of authority of the general meeting.

Except the circumstances prescribed in the preceding paragraph, the conveners shall not modify the proposals listed or add any new proposal to such proposals in the general meeting notice after sending it out.

The conveners shall inform each Shareholder of the annual general meeting 21 days before the convening such meeting and shall inform each Shareholder of the extraordinary general meeting 15 days before convening such meeting. When calculating the starting date, the convening date of the meeting shall be excluded.

The notice of the general meeting shall include the following contents:

- (1) the time, venue and duration of the meeting;
- (2) matters and proposals to be considered at the meeting;
- (3) a prominent written statement as follows: all Shareholders have the right to attend the general meeting, and may authorize in written form a proxy, who need not necessarily be a Shareholder of the Company, to attend and vote at the meeting;
- (4) the equity registration date on which Shareholders are entitled to attend the general meeting;
- (5) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (6) the voting time and procedure via the internet or through other means;

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- (7) where any director, supervisor, general manager and other senior management personnel have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such director, supervisor, general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;

The specific details of all proposals shall be adequately and fully disclosed in all general meeting notices and supplementary notices. Where matters to be discussed require independent non-executive Directors' opinions, the opinions and reasons given by the independent non-executive Directors shall be disclosed when the general meeting notice or supplementary notice is issued.

TRANSFER OF SHARES

Unless otherwise provided for in laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Company's Articles of Association, the shares of the Company may be transferred in accordance with law.

The Company shall not accept the Shares of the Company as collaterals of any pledges.

The Shares issued before the public issuance of any Shares by the Company shall not be transferred within one year from the date when the Shares of the Company are [REDACTED] and [REDACTED] in a stock exchange.

During their terms of office, the Directors, Supervisors and senior management officers of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% of the total number of Shares of the Company held by them each year during their terms of office determined at the time of their assumption of office; the Shares of the Company held by them shall not be transferred within one year from the date when the Shares of the Company are [REDACTED] and [REDACTED]. The aforesaid persons shall not transfer the Shares of the Company held by them within six months from the date when they leave office.

Where the Shares of the Company are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

If the Company's Directors, Supervisors, senior management officers, and Shareholders holding more than 5% of the Shares of the Company sell the Shares held by them or other securities in the nature of equity within six months after buying the same or buy such Shares or

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securities within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall recover such earnings. However, the following circumstances shall be excluded where a securities company holds more than 5% of the Shares due to its purchase of any remaining Shares under best efforts [REDACTED] and in circumstances stipulated by the supervisory rules of the place where the Company's Shares are [REDACTED] or by the CSRC.

If the Board of Directors of the Company fails to comply with the preceding paragraph, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to do so within the aforesaid period, the Shareholders are entitled to initiate litigation directly before the people's court in their own names for the interests of the Company. And if the Board of Directors fails to comply with the aforesaid provisions, the Directors held accountable for such failure shall bear joint and several liability in accordance with the law.

The Shares or other securities with in the nature of equity held by a Director, a Supervisor, a senior management officer or a natural person Shareholder as said above shall include the Shares or other securities with in the nature of equity held by his or her spouse, parents and children and held through any other person's account.

THE COMPANY'S AUTHORITY TO REPURCHASE SHARES

The Company shall not repurchase its Shares. However, exceptions are made in any of the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merging with another company that holds the Shares of the Company;
- (3) granting the Shares for the employee shareholding scheme or as share incentives;
- (4) Shareholders who disagree with the resolutions for the merger and division of the Company made at the general meeting may demand the Company to repurchase their Shares;
- (5) using the Shares to satisfy the conversion of corporate bonds convertible into the Shares issued by the Company;
- (6) safeguarding corporate value and Shareholders' rights as deemed necessary;

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- (7) other circumstances permitted by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and regulatory authorities.

Where the Company repurchases the Shares of the Company due to the circumstances specified in items (1) and (2) of the preceding paragraph, it shall be subject to a resolution of the general meeting; where the Company repurchases the Shares of the Company due to the circumstances specified in items (3), (5) and (6) of the preceding paragraph, it can be, in accordance with the provisions of the Articles of Association or authorisation by the general meeting, resolved by a meeting of the Board of Directors with the attendance of more than two-thirds of the Directors. Subject to the Hong Kong Listing Rules, after the Company has repurchased its Shares in accordance with the preceding paragraph, in case of the circumstance described in item (1), shall be cancelled within 10 days from the date of repurchase; or in case of the circumstances described in items (2) and (4), shall be transferred or cancelled within 6 months; or in case of the circumstances described in items (3), (5) and (6), shall be transferred or cancelled within three years, provided that the aggregate number of the Shares held by the Company shall not exceed 10% of the total number of issued Shares of the Company.

For any repurchase of its Shares by the Company, the obligation of information disclosure shall be fulfilled in accordance with the provisions of the Securities Law. Where the Company repurchases its Shares under the circumstances described in items (3), (5) and (6) of the aforesaid provisions, it shall be carried out by open and centralized trade.

POWER OF ANY SUBSIDIARY OF THE ISSUER TO OWN SHARES IN ITS PARENT

Not applicable

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company's profit distribution policy is as follows:

- (1) the profit distribution of the Company shall maintain continuity and stability, and firmly attach importance to the actual interests of Shareholders and the long-term interests of the Company;
- (2) proposals related to the adjustment of the profit distribution policy shall be submitted to the general meeting of the Company for approval after consideration by the Board of Directors;

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- (3) the Company may distribute profits by way of cash, Shares or a combination of cash and Shares. When the conditions are met, the Company may also distribute the interim cash dividends.

- (4) The Company's profit distribution shall not exceed the scope of cumulative distributable profits and shall not jeopardize the Company's ability to continue as a going concern.

The Company's profit distribution plan for each year shall be reviewed and approved at the general meeting. Upon the resolution on the profit distribution plan made at the general meeting, the Board of Directors is required to complete the distribution of dividends (or Shares) within two months after the general meeting.

In distributing the current year's profit after tax, 10% of the profit shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached more than 50% of the Company's registered capital, further appropriations are not required.

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the general meeting.

The remaining profits after tax after the Company has made up its losses and allocated to its reserve fund may be distributed to its Shareholders in proportion to their shareholdings.

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If the Company distributes profits to Shareholders in violation of the provisions of the Articles of Association, the Shareholders shall return the profits distributed in violation of such provisions to the Company; and the Shareholders and the Directors, Supervisors, and senior management who are held accountable for any loss of the Company arising therefrom, shall assume compensation liabilities.

The Shares held by the Company shall not participate in the distribution of profits.

The Company's reserve funds shall be used to make up the losses of the Company or expand the production operations, or be converted to increase the capital of the Company. However, the capital reserve fund shall not be used to make up the losses of the Company.

The discretionary reserve fund and statutory reserve fund shall be used first to make up the Company's losses; if the losses cannot be covered, the capital reserve fund can be used in accordance with the regulations.

When the statutory reserve fund is converted into registered capital, the remainder of the fund shall not be less than 25% of the Company's registered capital prior to such conversion.

APPOINTMENT OF PROXIES

All Shareholders of the Company, or their proxies, whose names appeared on the register of members on the record date are entitled to attend the general meeting. Shareholders shall have the right to speak and vote at the general meeting in accordance with relevant laws, regulations and the Articles of Association, except where individual Shareholders are required by the Listing Rules to abstain from voting on individual matters. Pursuant to the applicable laws and regulations and the listing rules of the stock exchange of the place where the Company's Shares are [REDACTED], where any Shareholder shall abstain from voting on any particular resolution or is restricted to vote only for or against such resolution, any vote cast by such Shareholder or proxy thereof in violation of such requirement or restriction shall not be counted in the voting results.

Any Shareholder may attend the general meeting in person or appoint one or several persons (who may not be Shareholders) to act as his/her/its proxy to attend and vote at the general meeting on his/her/its behalf. Any Shareholder or his/her proxy shall be entitled to attend the general meeting and exercise his/her voting rights in accordance with relevant laws, regulations and the Articles of Association.

Any Shareholder may attend the general meeting in person or authorize a proxy to attend and vote at the general meeting on his/her/its behalf.

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An individual Shareholder who attends the general meeting in person shall produce his/her own identity card or other valid documents or proof evidencing his/her identity. Where a Shareholder intends to appoint a proxy to attend the general meeting on his/her behalf, the proxy shall produce his/her own valid identity documents and the power of attorney issued by the Shareholder.

A corporate Shareholder shall designate its legal representative or a proxy appointed by the legal representative to attend the meeting. If the legal representative attends the meeting, he or she shall produce his or her own identity card and valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall produce his/her own identity card and the written power of attorney issued by the legal representative of the corporate Shareholder according to law.

A partnership Shareholder shall designate the executive partner (a natural person), a representative appointed by the executive partner or a proxy appointed by the executive partner or the representative to attend the meeting. If the executive partner (a natural person), a representative appointed by the executive partner to attend the meeting, he or she shall produce his or her own identity card and valid proof of his or her status. If a proxy has been appointed to attend the meeting, such proxy shall produce his/her own identity card and the written power of attorney issued by the executive partner or the representative appointed by the executive partner.

The power of attorney issued by Shareholders authorizing others to attend the general meeting shall include the following contents:

- (1) the name of the proxy;
- (2) whether he/she has voting rights;
- (3) instructions to vote for, against or abstention from voting on each item to be discussed on the agenda of the general meeting;
- (4) date of issuance and validity period of the power of attorney;
- (5) signature (or seal) of the principal. If the principal is a corporate Shareholder, the seal of the legal entity shall be affixed.

The power of attorney shall contain a statement which states that, in the absence of instructions by the Shareholder, the proxy of the Shareholder may vote in his/her own discretion or not.

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The proxy of the Shareholder may, pursuant to the instructions of the Shareholder, exercise (including but not limited to) the following rights: (1) the Shareholder's right to speak at the general meeting; (2) the right to demand a poll by himself/herself or jointly with others; (3) the right to exercise voting rights by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

If the Shareholder is an authorized clearing house (or its proxy) as defined by relevant rules in Hong Kong made from time to time, such Shareholder is entitled to appoint one or more persons or representatives of the Company it deems suitable to act as its proxy in any general meeting and creditors' meeting, provided that, if more than one person is appointed as proxies, the power of attorney shall state the number and the class of Shares represented by each of the proxies. The person so authorized can represent the recognized clearing house (or its proxy) to attend the meeting and exercise the same legal rights (including the rights to speak and vote) as those entitled by other Shareholders, as if he/she was an individual Shareholder of the Company.

In the event that the power of attorney is signed by another person authorized by the principal, the authorization or other authorization instrument shall be notarized, and such notarized authorization, other authorization instrument and the power of attorney shall be maintained at the domicile of the Company or at such other locations as specified in the notice regarding the convening of the meeting.

In the event that an principal is a legal person, its legal representative or such person as authorized by a resolution of its Board of Directors or other decision-making body may attend the general meeting in the capacity of a representative.

Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

CALLS ON SHARES AND FORFEITURE OF SHARES

Not applicable

INSPECTION OF THE REGISTER OF SHAREHOLDERS

The Company establishes a register of Shareholders based on the vouchers provided by the securities registration institution, which is sufficient evidence to prove that Shareholders hold the Company's Shares. A Shareholder shall enjoy the rights and assume the obligations attached to the

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class of Shares he/she holds. Shareholders holding the same class of Shares shall be entitled to the same rights and assume equal obligations. A register of Shareholders shall contain the following particulars:

- (1) the name and address of each Shareholder;
- (2) the class of Shares and number of Shares subscribed by each Shareholder;
- (3) if Shares are issued in paper form, the serial numbers of the share certificate;
- (4) the date on which each Shareholder acquired the Shares.

The Company shall sign a share custody agreement with the securities registration institutions for the purpose of inspecting the information and shareholding changes (including share pledge) of major Shareholders on a regular basis, in order to be informed of the shareholding structure of the Company in a timely manner.

The Shareholders have the right to inspect the register of Shareholders of the Company.

QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS

Not applicable

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

A Shareholder who individually or jointly holds more than 3% of the Company's Shares for over 180 consecutive days may request to inspect the Company's accounting books and vouchers by submitting a written request stating the purpose to the Company. If the Company has reasonable grounds to believe that the Shareholder's request to inspect the Company's accounting books and vouchers serves an improper purpose and may harm the Company's legitimate interests, it may refuse the inspection. The Company must respond to the Shareholder in writing within 15 days of receiving the written request, providing reasons for the refusal. If the inspection is denied, the Shareholder may file a lawsuit with the people's court. If a Shareholder requests to inspect or copy materials related to the Company's wholly-owned subsidiaries, the provisions of this Article shall apply thereto.

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If a Shareholder requests to inspect or copy the above-mentioned information or materials, he/she shall provide the Company with written documents evidencing the class and number of the Shares held by them, and upon verification of his/her status as a Shareholder, the Company shall provide the Shareholder with such information or materials as required by him/her, and may charge a reasonable fee for the provision of the copies of the said documents.

The Company may refuse any inspecting or copying request which involves commercial secrets and sensitive price information on the Company. If a shareholder divulges the above relevant information after obtaining the information in accordance with the provisions of the Articles of Association, causing damage to the legitimate interests of the Company, the shareholder shall be liable for compensation for the relevant losses caused to the Company in accordance with the law.

The number of shares held as stipulated in the first paragraph of the foregoing shall be calculated on the basis of the shares of the Company held by the shareholder on the date of when the shareholder's request for access is made or, if such date is a non-trading day (as defined in the Hong Kong Listing Rules, the same hereinafter), the closing of business on the trading day immediately preceding the date of such request.

If the resolutions of the general meeting and the Board meeting violate laws and administrative regulations, the Shareholders have the right to request the people's court to judge such resolutions to be invalid.

If the convening procedures and voting ways of the general meeting and the Board meeting violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, the Shareholders have the right to request the people's court to cancel the resolutions within 60 days after the resolutions are made, except for the circumstances where the convening procedures and voting ways have only minor flaws and there's no substantial impact on resolutions.

Shareholders who have not been notified to participate in the general meeting may file a petition with the people's court to revoke the resolution within 60 days from the date when they know or should know that the resolution is made at the general meeting; if they do not exercise the right to revoke within one year from the date of the resolution, the revoke right shall be extinguished.

Shareholders individually or jointly holding over 1% of the Company's Shares for more than 180 consecutive days shall have the right to request the Supervisory Committee in writing to initiate litigation before the people's court against any Director or senior management member for loss of Company resulting from their violation of any laws, administrative regulations or

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provisions of the Articles of Association in the course of performing their duties; Shareholders may request the Board in writing to bring a legal action against the Supervisory Committee for the loss of the Company resulting from their violation of any laws, administrative regulations or provisions of the Articles of Association in the course of performing the duties.

The Shareholders described in the preceding paragraph may initiate litigation before the people's court directly in their own names in the interests of the Company in the event that the Supervisory Committee or the Board refuses to initiate legal proceedings after receiving the aforesaid written request of Shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interests.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, Shareholders individually or jointly holding over 1% of the Company's Shares for more than 180 consecutive days may initiate litigation before the people's court in accordance with the provisions of the preceding paragraphs.

If the directors, supervisors or senior management members of a wholly-owned subsidiary of the Company are involved in any of the above-mentioned circumstances, or if any person infringes the lawful rights and interests of a wholly-owned subsidiary of the Company and thus causes losses, Shareholders who are individually or jointly holding more than over 1% of the Shares of the Company for more than 180 consecutive days, may request in writing, in accordance with the provisions of the preceding three paragraphs, that the supervisory committee or the board of directors of the wholly-owned subsidiary to initiate litigation before the people's court, or initiate litigation before the people's court directly in their own names.

In the event that any Director or senior management member violates laws, administrative regulations or the Articles of Association to the detriment of the interests of the Shareholders, the Shareholders may initiate litigation before the People's Court.

If a Director or a senior management member, in the performance of his/her duties, causes damage to others, the Company shall be liable for compensation; the Director or the senior management member shall also be liable for compensation if there is intentionality or gross negligence on his/her part.

Any Controlling Shareholder or actual controller of the Company who instructs a Director and a senior management member to engage in an act detrimental to the interests of the Company or its Shareholders shall bear joint and several liability with such Director or senior management member.

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PROCEDURES FOR LIQUIDATION

The Company shall be dissolved upon the occurrence of any of the following events:

- (1) the expiration of business term specified in the Articles of Association expires or the occurrence of other events of dissolution as stipulated in the Articles of Association;
- (2) the dissolution resolved at the general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company's business license is canceled or revoked or it is ordered to close down according to the law;
- (5) Where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to Shareholders' interests, and such difficulties cannot be dealt with in other ways, the Shareholders holding more than 10% of the voting rights of all Shareholders of the Company may file an application to the people's court to dissolve the Company.

The proportion of voting rights stipulated in the preceding item (5) shall be calculated on the basis of the voting rights corresponding to the shares of the Company held by the shareholder on the date when such written request is made by such shareholder or if such date is a non-trading day, the close of the trading day immediately prior to date of such written request.

In the event of occurrence of any event leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution event shall be published on the National Enterprise Credit Information Publicity System within ten days upon its occurrence. Where the Company is under the circumstance set forth in items (1) and (2) in the preceding paragraph and has not yet distributed its property to its Shareholders, the Company may continue its operation by means of amending the Articles of Association or the resolution made at the general meeting.

Any amendment to the Articles of Association according to the preceding paragraph shall be approved by more than two-thirds of the voting rights of the Shareholders present at the meeting of the Board of Shareholders.

Where the Company is dissolved in accordance with the provisions of items (1), (2), (4) and (5) above, a liquidation committee shall be formed within 15 days after the occurrence of the event of dissolution to deal with matters of the liquidation.

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The Directors shall be the Company's liquidation obligors, and a liquidation committee shall be formed within 15 days from the date of occurrence of the event of dissolution, to carry out the liquidation process.

The liquidation committee shall comprise the Directors, unless the Articles of Association stipulate otherwise or the general meeting resolves to elect other person(s).

If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

If the Company fails to establish a liquidation committee to carry out liquidation after the expiry of the time limit or fails to carry out liquidation after establishing the liquidation committee, the interested parties can apply to the people's court for appointing relevant persons to establish the liquidation committee to carry out the liquidation. The people's court shall accept the application and organise the liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to check the properties of the Company, and to prepare a balance sheet and a list of property items;
- (2) to inform creditors by a notice and an announcement;
- (3) to dispose of unfinished business of the Company relating to the liquidation;
- (4) to pay up all outstanding taxes and tax arising during the liquidation process;
- (5) to clear up claims and debts;
- (6) to distribute the remaining properties of the Company after the full settlement of debts;
- (7) to represent the Company in civil litigations.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment, and make an announcement in newspaper(s) designated by the CSRC or the National Enterprise Credit Information Publicity System within 60 days from the date of its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

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SUMMARY OF ARTICLES OF ASSOCIATION

Creditors shall provide explanations on and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during the period of credit declaration.

After checking the properties of the Company, and preparing a balance sheet and a list of property items, the liquidation committee shall formulate a liquidation plan for the confirmation by the general meeting or the people's court.

The Company's assets shall be used for repayments in the following sequence: payment of liquidation expenses, staff wages, labor insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts. The Company's residual assets after repayment of its debts shall be distributed to its Shareholders according to the proportion of their shareholdings.

During the liquidation period, the Company continues to exist but the Company shall not carry out any business activities irrelevant to the liquidation. The Company's assets shall not be distributed to its Shareholders prior to repaying debts in accordance with the preceding paragraph.

If the liquidation committee, after checking the Company's properties and preparing a balance sheet and a list of property items, finds that the Company's properties are insufficient to pay off its debts, it shall file an application to the people's court for bankruptcy in accordance with the law.

After the people's court accepts the application for bankruptcy, the liquidation committee shall transfer all liquidation affairs to bankruptcy administrators appointed by the people's court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the report to the general meeting or the people's court for confirmation, and submit the report to the company registration authority and apply for deregistration of the Company, and publish an announcement relating to the termination of the Company.

Members of the liquidation committee shall perform liquidation duties and owe duties of loyalty and diligence.

Members of the liquidation committee shall not to exploit their positions to accept bribes or to obtain other illegal income, and not to encroach upon the Company's properties.

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The liquidation committee members shall be liable for damages caused to the Company if they are negligent in performing their duties. The liquidation committee members shall bear the liability for compensation if losses are caused to the Company or the creditors due to their intentional or gross negligence.

The Company declared bankrupt as provided by law shall have bankruptcy liquidation carried out according to relevant enterprise bankruptcy laws.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR THE SHAREHOLDERS

General

The Company is a company limited by Shares, with perpetual duration.

All the assets of the Company are divided into Shares of equal value. The Shareholders are responsible for the Company to the extent of their subscribed Shares, and the Company is responsible for its debts with all its assets.

From the date on which the Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its Shareholders and among the Shareholders, and shall have legal binding force on the Company, Shareholders, Directors, Supervisors and senior management members. According to the Articles of Association, Shareholders can sue Shareholders, Shareholders can sue Directors, Supervisors, the general manager and other senior management personnel, Shareholders can sue the Company, and the Company can sue Shareholders, Directors, Supervisors and the general managers and other senior management personnel.

Increase/decrease of Shares

Subject to the provisions of laws and regulations, upon special resolutions by the general meeting, the Company may increase its capital on the basis of its business and development needs by any of the following means:

- (1) [REDACTED] of Shares;
- (2) Non-[REDACTED] of Shares;
- (3) allotting bonus Shares to existing Shareholders;

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- (4) converting capital reserve into share capital;
- (5) other means approved by laws, administrative regulations, provisions of the supervisory rules of the place where the Company's Shares are [REDACTED], and the relevant state authorities such as the CSRC.

The Company may reduce its registered capital. The Company shall decrease its registered capital in accordance with the procedures set forth in the Company Law and other relevant provisions and the Articles of Association.

Any increase or decrease in the registered capital of the Company shall not be processed until it is reviewed and approved by a special resolution of the general meeting.

The Company shall prepare a balance sheet and a list of property items when reducing its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for the reduction of its registered capital and make an announcement in newspaper(s) or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the announcement in the case of failure of receipt of the notice, be entitled to require the Company to repay its debts or to provide a corresponding guarantee for repayment.

The Company's registered capital after reduction shall not be less than the statutory minimum amount. When the Company reduces its registered capital, it shall, based on a Shareholder's capital contribution or shareholding, reduce the amount of his/her capital contribution or Shares, unless otherwise stipulated by laws or by the Articles of Association.

If the Company is still in a loss position after covering losses in accordance with the provisions of the Articles of Association, it may reduce the registered capital to cover the losses. If the registered capital is reduced to cover the losses, the Company shall not make any distribution to the Shareholders, nor shall it exempt the Shareholders from the obligations to make capital contributions or pay up the amounts of Shares.

Where the registered capital is reduced in accordance with the preceding provisions of the Articles of Association related to the notification of creditors and the provision of guarantees shall not apply, but it shall be announced in newspaper(s) or the National Enterprise Credit Information Publicity System within 30 days from the date on which the general meeting made a resolution to reduce the registered capital.

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After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve and the discretionary reserve reaches 50% of the registered capital of the Company.

If the registered capital is reduced in violation of the provisions of the Articles of Association, the Shareholders shall return the funds they have received, and the Shareholders shall restore the capital contributions to the original state if their capital contributions are reduced or exempted; if losses are caused to the Company, the Shareholders and Directors, Supervisors, and senior management members who are held accountable for the losses shall be liable for compensation.

The Company shall, in accordance with the law, apply for change in its registration with the company registration authority where it increases or reduces its registered capital.

Shareholders

The register of Shareholders shall be the sufficient evidence to prove the Shareholders' holding of the Company's Shares. A Shareholder shall enjoy the rights and assume the obligations attached to the class of Shares he/she holds. Shareholders holding the same class of Shares shall be entitled to the same rights and assume equal obligations.

Shareholders of the Company shall enjoy the following rights:

- (1) receiving dividends and other form of interest distribution in proportion to their shareholdings;
- (2) requesting, convening, presiding over, attending or appointing proxies to attend the general meeting and exercise corresponding voting rights;
- (3) supervising the operation of the Company and making suggestions and inquiries;
- (4) transferring, donating or pledging their Shares in accordance with laws, administrative regulations, and the Articles of Association;
- (5) inspecting the Articles of Association, the register of Shareholders, minutes of general meetings; resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and the financial and accounting reports;

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- (6) upon termination or liquidation of the Company, participating in the distribution of the remaining assets of the Company in proportion to the quantity of Shares held by them;
- (7) Shareholders who disagree with the resolutions for the merger and division of the Company made at the general meeting demanding the Company to repurchase their Shares;
- (8) other rights provided by laws, administrative regulations, departmental rules or the Articles of Association.

The Shareholders of the Company shall assume the following obligations:

- (1) to comply with laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the Shares subscribed and the method of subscription;
- (3) not to withdraw their Shares unless required by laws and regulations;
- (4) not to abuse their Shareholders' rights to jeopardize the interests of the Company or other Shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of Shareholders to jeopardize the interests of any creditors of the Company;
- (5) other obligations imposed by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Where any Shareholder of the Company abuses the Shareholders' rights, causing losses to the Company or other Shareholders, such Shareholder shall be liable for compensation.

Where any Shareholder of the Company abuses the Company's status as an independent legal person and the limited liability of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholder shall be jointly and severally liable for the debts owed by the Company.

Where any Shareholder uses two or more companies under his control to commit the acts described in the preceding paragraph, each of such companies shall be jointly and severally liable for the debts owed by any of such companies.

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Where any Shareholder holding more than 5% voting Shares of the Company pledges any Shares held by him/her, he/she shall report the same to the Company in writing on the date of the said pledge.

The Controlling Shareholders and actual controllers of the Company shall not take advantage of their relationship with the Company as related parties to compromise the interests of the Company. If they violate the provisions, causing losses to the Company, they shall be liable for compensation.

The Controlling Shareholders and actual controllers of the Company have the duty to act in good faith towards the Company and other Shareholders. The controlling Shareholders shall exercise their rights as capital contributors in strict compliance with laws, and shall not take advantage of profit distribution, asset restructuring, external investment, capital appropriation and loan guarantees to jeopardize the lawful rights and interests of the Company and other Shareholders, nor shall they use their controlling position to jeopardize the interests of the Company and other Shareholders.

Board of Directors

The Board of Directors exercises the following functions and powers:

- (1) convening the general meeting and reporting to the general meeting;
- (2) implementing the resolutions adopted at general meetings;
- (3) deciding on the Company's business plans and investment proposals;
- (4) formulating profit distribution plans and loss recovery plans of the Company;
- (5) formulating plans in respect of any increase or reduction of the registered capital, the issuance of bonds or other securities, and the [REDACTED] of the Company;
- (6) deciding on, within the authority granted by the general meeting, matters such as external investments, acquisitions and disposals of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, external donations;
- (7) deciding on the establishment of internal management organizations of the Company;

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- (8) formulating proposals for material acquisitions by the Company, acquisitions of the Company's shares or mergers, demergers, dissolutions and changes of the corporate form of the Company;
- (9) deciding on the appointment or dismissal of the general manager of the Company, and to decide on his remuneration, rewards and penalties; deciding on the appointment or dismissal of the Company's senior management members based on the nomination of the general manager, and deciding on their remuneration, rewards and penalties;
- (10) setting up the basic management regime of the Company;
- (11) formulating the proposals for any amendment to the Articles of Association;
- (12) managing information disclosure of the Company (if any);
- (13) proposing to the general meeting the appointment or replacement of the accounting firms which provide auditing services to the Company;
- (14) receiving reports from the managers of the Company and reviewing their work;
- (15) resolving on the acquisition of the Company's shares by the Company under the circumstances stipulated in Article 25(3), (5) and (6) of the Company's Articles of Association;
- (16) exercising other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors of the Company shall establish an Audit Committee and other relevant special committees such as nomination, remuneration and appraisal committees as needed. The special committees are accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposals shall be submitted to the Board of Directors for consideration and decision. The members of such special committees comprise only Directors. Independent Directors shall account for the majority in each of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee and serve as the conveners. The convener of the Audit Committee shall be an accounting professional. The Board of Directors is responsible for formulating the working procedures of the special committees and regulating the operation of the special committees.

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The Board of Directors of the Company shall make a statement to the general meeting regarding the non-standard audit opinion issued by the certified public accountant on the Company's financial report.

The Board of Directors meets regularly at least four times every year and such meetings shall be convened by the chairman. All Directors and Supervisors shall be informed in writing 14 days before the meeting. If an interim Board meeting shall be convened, all Directors and Supervisors shall be informed in writing 2 days before the meeting, except for an emergency or otherwise provided by the Articles of Association or the Rules of Procedure for the Board of Directors. With the approval of all the directors of the Company, the above notice time limit may be waived.

Shareholders representing more than 10% of the voting rights, more than one third of the Directors or the Supervisory Committee may propose to convene an interim meeting. A Board meeting shall be convened and presided over by the chairman within 10 days upon receipt of the proposal.

No Board meeting shall be held unless attended by a majority of Directors. Any resolution adopted by the Board of Directors shall require affirmative votes by a majority of Directors, unless otherwise stipulated in the Articles of Association.

When voting on the Board of Directors' resolutions, one director shall have one vote. Where there is an equality of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.

Where a director has a relationship with any enterprise involved in a resolution to be voted on at a Board meeting as a related party, such director shall promptly report in writing to the Board of Directors, and shall not exercise her/his voting rights for that resolution, nor shall she/he exercise voting rights on behalf of any other director. The Board meeting shall not be held unless attended by a majority of Directors without relationships with any such enterprise as related parties, and any resolution made at the meeting must be passed by a majority of Directors without any such relationship. Where the number of Directors without any such relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration.

The ways for voting on the Board's resolution shall be a show of hands, voice vote or ballot.

Interim Board meetings may be convened through telephone conferences, video conferences, faxes, emails or circulation of written resolutions, provided that the Directors can fully give their opinions, and shall be signed by the attending Directors. Interim Board meetings may also be convened on site and by other means simultaneously.

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Where an interim Board meeting is held off site, the number of the Directors present is calculated according to the Directors present in the video, the Directors expressing opinions in the teleconference, the number of valid votes by means of faxes, emails or circulation of written resolutions received within the specified period, or the written confirmations submitted by the Directors after the meetings.

Should any director be unable to sign the minutes at such meeting in a timely manner, such director shall vote orally and sign the written resolution as soon as possible. The director's oral vote shall have the same effect as signing the written resolution, provided that the later written resolution confirms the oral vote during the meeting. Should the written resolution differ from the oral vote, the oral vote shall prevail.

If a Board meeting is convened by circulating written resolutions, which means the proposals are served, separately or in sequence, to a Director for his/her review and resolutions, and the Director and another Director entrusted by him/her shall state clearly their affirmative or negative opinions on the resolutions.

Independent non-executive Directors

The Board of Directors comprise three independent non-executive Directors.

Supervisory Committee

The Company shall establish the Supervisory Committee. The Supervisory Committee consist of three Supervisors, including one chairman, who shall be elected by a majority of all Supervisors. The chairman of the Supervisory Committee shall convene and chair the Supervisory Committee meetings; where the chairman cannot or does not fulfill the duty thereof, more than half of the Supervisors may elect a supervisor to convene and chair the Supervisory Committee meetings.

The Supervisory Committee shall consist of two Shareholder representatives and one employee representative. Employee representatives shall be elected democratically by the employees of the Company at the employee representatives' meetings, employee meetings or by other ways.

The Supervisory Committee shall exercise the following functions and powers:

- (1) reviewing the periodic reports of the Company prepared by the Board of Directors and preparing written review opinions thereon;

APPENDIX VI**SUMMARY OF ARTICLES OF ASSOCIATION**

- (2) inspecting the finances of the Company;
- (3) monitoring Directors and senior management members in their performance of their duties, and propose the removal of Directors and senior management members who have violated laws, administrative regulations, the Articles of Association, supervisory rules of the place where the Company's Shares are [REDACTED] or the resolutions passed at the general meetings;
- (4) requiring Directors and senior management members to correct their actions which are harmful to the interests of the Company;
- (5) proposing the convening of extraordinary general meetings, and convening and presiding over the general meetings, if the Board of Directors fails to perform its obligation to convene and preside over the general meetings;
- (6) submitting proposals to the general meetings;
- (7) initiating proceedings against Directors and senior management members pursuant to Article 189 of the Company Law;
- (8) conducting investigations in relation to any operational abnormality of the Company, and engage accounting firms, law firms or other professional agencies when necessary to assist with its work at the expense of the Company.

The Supervisory Committee shall convene at least one meeting every six months.

The Supervisory Committee may propose to hold extraordinary meetings of the Supervisory Committee. Written notice of an extraordinary meeting of the Supervisory Committee shall be given 5 days prior to the meeting; however, in the event of an emergency, notice of a meeting may be given orally, by telephone, emails, etc. at any time.

The ways for to voting on the resolutions of the Supervisory Committee shall be a show of hands. Each Supervisor shall be entitled to one vote. Resolutions of the Supervisory Committee shall be passed by more than half of the Supervisors.

The General Manager and other senior management members

Other senior management members referred to in the Articles of Association refer to the managers, the secretary to the Board of Directors, person-in-charge of finance and other senior management members engaged by the Board of Directors.

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The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors. The General Manager of the Company is a senior management member of the Company. The Company shall have several deputy general managers, one person-in-charge of finance and several other senior management members engaged by the Board of Directors. The above-mentioned persons are senior management members of the Company, who shall be appointed or dismissed by the Board of Directors.

Any person working with Controlling Shareholders or actual controllers of the Company other than as a director or supervisor shall not serve as a senior management member of the Company. Senior management members of the Company are paid only by the Company and are not paid by the Controlling Shareholder on its behalf.

The term of office of the General Manager shall be three years, renewable upon re-appointment.

The General Manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to arrange implementation of resolutions of the Board of Directors, and to report to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to formulate the Company's plans for the establishment of its internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to formulate specific regulations of the Company;
- (6) to appoint or dismiss the management officers other than those required to be appointed or dismissed by the Board of Directors;
- (7) to decide on matters other than those required to be approved by the general meeting and the Board of Directors as stipulated in the Articles of Association;

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- (8) to decide on connected transactions other than those required to be reviewed by the Board of Directors and the general meeting as stipulated in the Company's Articles of Incorporation;
- (9) to exercise other powers and functions conferred by working rules for the General Managers or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors.

The General Manager may resign before his term of office expires. The specific procedures and methods for the resignation of the general manager shall be specified in the labor contract entered into between the General Manager and the Company.

Deputy general managers of the Company shall be nominated by the General Manager and appointed by the Board of Directors, and deputy general managers shall assist the General Manager in carrying out his work.

Any senior management member who violates any laws, administrative regulations, departmental rules or supervisory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association, causing losses to the Company, shall be liable for compensation.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders. If any senior management member of the Company causes damage to the interests of the Company and its Shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with the law.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was established as a limited liability company in the PRC on October 16, 2017 and was converted into a joint stock limited company on July 2, 2024 under the laws of the PRC. As of the Latest Practicable Date, the registered capital of the Company was RMB38,381,330.

Our Company has established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 17, 2024 with the Registrar of Companies in Hong Kong. Ms. Au Wing Sze (區詠詩) has been appointed as authorized representative of our Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for service of process is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Appendix VI — Summary of Articles of Association”. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Appendix V — Summary of Principal Legal and Regulatory Provisions”.

2. Changes in Share Capital of Our Company

On October 16, 2017, our Company was established as a limited liability company under the laws of the PRC with a registered capital of RMB6,511,000.

On February 1, 2024, the registered share capital of our Company was increased from RMB38,279,252 to RMB38,381,330.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 15 to the Accountant’s Report as set out in Appendix I to this document.

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The following subsidiaries have been incorporated within two years immediately preceding the date of this Document:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Registered capital</u>
Shenzhen Xidi Internet Innovation Technology Co., Ltd. (深圳希迪網聯創新科技有限公司).....	PRC	February 23, 2023	RMB4,000,000
Xidi Zhijia (Hainan) Technology Co., Ltd. (希迪智駕(海南)科技有限公司).....	PRC	March 17, 2023	RMB5,000,000
Anhui Xidi Engineering Technology Co., Ltd. (安徽希迪工程科技有限公司).....	PRC	June 4, 2024	RMB5,000,000

Save as disclosed above and in the Accountants' Report set out in Appendix I to this Document, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Document.

4. Resolutions of our Shareholders

At the general meeting of the Shareholders held on [•], the following resolutions, among other things, our Shareholders resolved to approve the following:

- (a) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not be more than 15% of the total issued share capital of our Company as enlarged by the [REDACTED], and granting the [REDACTED] the [REDACTED] of no more than 15% of the number of H Shares issued pursuant to the [REDACTED];
- (c) authorization of the Board to handle matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares;
- (d) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as at the date of the resolution granting the general mandate;

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- (e) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue as at the date of the resolution granting the general mandate; and
- (f) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts


We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that are or may be materials as well as contracts required to be disclosed pursuant to the Chapter 4.1 of the Guide for New Listing Applicants issued by the Stock Exchange:

- (a) the [REDACTED].

2. Intellectual Property Rights













(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
1.		PRC	Our Company	9	37530790	September 28, 2020	September 27, 2030





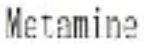




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No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
2.		PRC	Our Company	12	52769990	May 7, 2022	May 6, 2032
3.		PRC	Our Company	7	60013481	July 7, 2022	July 6, 2032
4.		PRC	Our Company	11	72483953	January 14, 2024	January 13, 2034
5.		PRC	Our Company	38	72486610	January 14, 2024	January 13, 2034
6.		PRC	Our Company	39	72463424	January 14, 2024	January 13, 2034
7.		PRC	Our Company	9	56123609	December 7, 2021	December 6, 2031
8.		PRC	Our Company	42	59391146	November 14, 2022	November 13, 2032
9.		PRC	Our Company	7	56890578	December 21, 2021	December 20, 2031
10.		PRC	Our Company	35	56130252	December 14, 2021	December 13, 2031
11.		PRC	Our Company	37	56111854	December 7, 2021	December 6, 2031
12.		PRC	Our Company	38	56118123	December 7, 2021	December 6, 2031
13.		PRC	Our Company	9	75079323	September 21, 2024	September 30, 2034

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No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
14.		PRC	Our Company	12	72461340	January 14, 2024	January 13, 2034
15.		PRC	Our Company	9	59523974	March 14, 2022	March 13, 2032
16.		PRC	Our Company	12	59498363	March 14, 2022	March 13, 2032
17.		PRC	Our Company	42	59502299	March 14, 2022	March 13, 2032
18.		PRC	Our Company	12	59506375	March 14, 2022	March 13, 2032
19.		PRC	Our Company	12	54017790	September 21, 2021	September 20, 2031
20.		PRC	Our Company	35	72465767	January 14, 2024	January 13, 2034
21.		PRC	Our Company	9	72483512	December 28, 2023	December 27, 2033
22.		PRC	Our Company	12	72482403	January 7, 2024	January 6, 2034

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No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
23.		PRC	Our Company	42	72480170	January 7, 2024	January 6, 2034
24.		PRC	Our Company	7	61410552	September 21, 2022	September 20, 2032
25.		PRC	Our Company	9	61419929	September 21, 2022	September 20, 2032
26.		PRC	Our Company	12	61412635	September 28, 2022	September 27, 2032
27.		PRC	Our Company	42	61434307	September 21, 2022	September 20, 2032
28.		PRC	Our Company	7	71996048	November 21, 2023	November 20, 2033
29.		PRC	Our Company	9	71996054	November 21, 2023	November 20, 2033
30.		PRC	Our Company	12	71998628	November 28, 2023	November 27, 2033
31.		PRC	Our Company	42	71989937	November 21, 2023	November 20, 2033

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(b) Copyrights

As at the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Version	Place of registration	Registration number	Registration date
1.	V2X Vehicle Networking Software (V2X車聯網軟件)	V2.2.1	PRC	2019SR0466010	May 15, 2019
2.	V2X Vehicle-Road Coordination System (V2X車路協同系統).	V1.0	PRC	2019SR1152170	November 11, 2019
3.	CIDI Vehicle Remote Driving Software (CIDI車輛遠程駕駛軟件)	V1.0	PRC	2020SR0461417	May 15, 2020
4.	Positioning System Online Analysis Tool Software (定位系統在線分析工具軟件).	V1.0	PRC	2021SR0181930	February 2, 2021
5.	Intelligent Perception System Framework Software (智能感知系統框架軟件)	V2.0	PRC	2021SR0551246	April 19, 2021
6.	Adaptive Panorama APP Software (自適應全景APP軟件)	V1.0.1	PRC	2021SR0852701	June 8, 2021
7.	CIDI Control Calibration Data Automatic Processing System (CIDI控制標定數據自動處理系統)	V1.0	PRC	2022SR0207329	February 9, 2022
8.	Smart Bus Passenger Screen App (智慧公交乘客屏App).	V3.2.44	PRC	2022SR0639150	May 25, 2022
9.	Digital Traffic System Platform (數字交通系統平台).	V1.0	PRC	2022SR0651150	May 26, 2022
10.	Intelligent Connected Data Management Platform (智能網聯數據管理平台)	V1.0	PRC	2022SR0764911	June 16, 2022
11.	Intelligent Connected Cloud Platform (智能網聯雲平台)	V1.0	PRC	2022SR0765019	June 16, 2022

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No.	Copyright	Version	Place of registration	Registration number	Registration date
12.	cidi-rivz Intelligent Driving Monitoring Software (cidi-rivz智駕監控軟件)	V1.0	PRC	2022SR0997879	August 3, 2022
13.	Underground Mine Truck Remote Monitoring System (井下礦卡遠程監控系統)	V1.0	PRC	2022SR1328967	August 30, 2022
14.	Roadside Millimeter Wave Radar System Management Software (路側毫米波雷達系統管理軟件)	V1.0	PRC	2023SR0157959	January 30, 2023
15.	Vehicle-Road Coordination Integrated Perception Edge Computing Software (車路協同融合感知邊緣計算軟件)	V1.0	PRC	2023SR0202756	February 6, 2023
16.	Control Algorithm Evaluation Index Scoring Software (控制算法評價指標評分軟件)	V1.0	PRC	2023SR0394791	March 24, 2023
17.	Smart Logistics App Software (智慧物流App軟件)	V2.2.3	PRC	2023SR1245909	October 17, 2023
18.	Vehicle Status Monitoring Platform Software (車輛狀態監控平台軟件)	V1.0	PRC	2024SR0402306	March 18, 2024
19.	CIDI Intelligent Driving Active Bus Priority Simulation Software (希迪智駕主動公交優先仿真軟件)	V1.0	PRC	2024SR0838409	June 20, 2024

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(c) Patents

As at the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
1.	Space measuring method, space measuring device, electronic equipment and computer storage medium (空間測量方法、裝置、電子設備及計算機存儲介質)	Invention patent	Our Company	PRC	2021101071127	May 25, 2021	January 27, 2041
2.	Monitoring component control method and device, vehicle, equipment and computer storage medium (監測組件控制方法、裝置、車輛、設備及計算機存儲介質)	Invention patent	Our Company	PRC	2021102381578	July 9, 2021	March 4, 2041
3.	Method, apparatus, and device for detecting object, and computer storage medium (對象檢測方法、裝置、設備及計算機存儲介質)	Invention patent	Our Company	PRC	2021105255492	August 20, 2021	May 14, 2041
4.	Filter control method, device, equipment, and computer storage medium (濾波器控制方法、裝置、設備及計算機存儲介質)	Invention patent	Our Company	PRC	2021104159820	September 10, 2021	April 19, 2041

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
5.	Road information processing method, road side unit, vehicle-mounted device and storage medium (道路信息處理方法、路側單元、車載裝置及存儲介質) . . .	Invention patent	Our Company	PRC	2018115692037	December 7, 2021	December 21, 2038
6.	Vehicle visual range expansion method, device and system and computer equipment (車輛視覺範圍擴展方法、裝置、系統和計算機設備)	Invention patent	Our Company	PRC	2019102964926	February 8, 2022	April 13, 2039
7.	Stereo matching optimization method and device, computer equipment and storage medium (立體匹配優化方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	201910729550X	March 18, 2022	August 8, 2039
8.	Vehicle-mounted LiDAR external parameter calibration method, computer equipment, and storage medium (車載激光雷達外參標定方法、計算機設備及存儲介質)	Invention patent	Our Company	PRC	201811389515X	April 19, 2022	November 21, 2038
9.	Radar data fusion method, device and system (雷達數據融合方法、裝置及系統)	Invention patent	Our Company	PRC	2018114147419	May 20, 2022	November 26, 2038

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
10.	Cleaning control method and device of sensing equipment, vehicle and cleaning control system of vehicle (感知設備的清潔控制方法、裝置、車輛及其清潔控制系統)	Invention patent	Our Company	PRC	2019108651501	June 28, 2022	September 12, 2039
11.	Road safety early warning method and device, road side unit and storage medium (道路安全預警方法、裝置、路側單元及存儲介質)	Invention patent	Our Company	PRC	2019100111115	July 22, 2022	January 7, 2039
12.	Composite test system and method (一種複合測試系統、方法)	Invention patent	Our Company	PRC	2019104655683	August 26, 2022	May 30, 2039
13.	Obstacle processing method and device and traveling equipment (障礙物處理方法、裝置和行駛設備) . . .	Invention patent	Our Company	PRC	2021103815786	October 14, 2022	April 9, 2041
14.	Three-dimensional laser-based method and device for detecting lifting prevention of container truck and computer equipment (基於三維激光的集卡防吊起檢測方法、裝置和計算機設備)	Invention patent	Our Company	PRC	2020101577952	November 29, 2022	March 9, 2040

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
15.	Automatic reversing control method, device, intelligent driving equipment, and storage medium (自動倒車控制方法、裝置、智能行駛設備和存儲介質)	Invention patent	Our Company	PRC	2020112238726	November 25, 2022	November 5, 2040
16.	Control method and device for multi-axle distributed electric drive axle in vehicle (車輛中多橋分布式電驅動橋的控制方法與裝置)	Invention patent	Our Company	PRC	2020100706903	November 29, 2022	January 21, 2040
17.	Target tracking method, device, computer-readable storage medium, and computer equipment (目標跟踪方法、裝置、計算機可讀存儲介質和計算機設備)	Invention patent	Our Company	PRC	2018110612619	November 29, 2022	September 12, 2038
18.	Vehicle arrival time prediction method, device, equipment and computer storage medium (車輛到達時間預測方法、裝置、設備及計算機存儲介質) . . .	Invention patent	Our Company	PRC	2021111466397	November 29, 2022	September 28, 2041
19.	Vehicle control method, device, computer-readable storage medium, and vehicle (一種車輛控制方法、裝置、計算機可讀存儲介質及車輛)	Invention patent	Our Company	PRC	2021103830269	November 29, 2022	April 9, 2041

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
20.	Blind area detection method, vehicle-mounted unit, road side unit, vehicle and storage medium (盲區探測方法、車載單元、路側單元、車輛及存儲介質) . . .	Invention patent	Our Company	PRC	2019100023186	December 16, 2022	January 2, 2039
21.	Multi-train hinge angle zero calibration method and device and computer equipment (多列車鉸接角零位標定方法、裝置和計算機設備)	Invention patent	Our Company	PRC	2020101305869	April 7, 2023	February 28, 2040
22.	Dense target detection method and device, storage medium and computer equipment (密集目標檢測方法、裝置、存儲介質及計算機設備) . . .	Invention patent	Our Company	PRC	2020101998557	March 21, 2023	March 20, 2040
23.	Object bounding box determination method, device, computer equipment, and readable storage medium (物體外框確定方法、裝置、計算機設備和可讀存儲介質) . . .	Invention patent	Our Company	PRC	2018111008217	March 21, 2023	September 20, 2038
24.	Training method for positioning model and point cloud data positioning method and device (定位模型的訓練方法和點雲數據定位方法及裝置)	Invention patent	Our Company	PRC	2022115065499	April 28, 2023	November 29, 2042

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
25.	Obstacle detection method, vehicle, apparatus, and computer storage medium (障礙物檢測方法、車輛、設備及計算機存儲介質) . . .	Invention patent	Our Company	PRC	2021103065544	May 2, 2023	March 23, 2041
26.	Vehicle driving assisting method, device, computer equipment and storage medium (車輛輔助駕駛方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2019104817673	June 13, 2023	June 4, 2039
27.	Intelligent vehicle and early warning control method, device, system and storage medium thereof (智能車輛及其預警控制方法、裝置、系統及存儲介質)	Invention patent	Our Company	PRC	2019101084223	June 13, 2023	January 18, 2039
28.	Beyond line-of-sight panoramic image acquisition method, device, medium, equipment, and system (超視距全景圖像獲取方法、裝置、介質、設備及系統)	Invention patent	Our Company	PRC	2019102962206	June 13, 2023	April 13, 2039
29.	Vehicle driving position determination method, device, storage medium, and computer equipment (車輛行車位置確定方法、裝置、存儲介質及計算機設備)	Invention patent	Our Company	PRC	2019108081122	June 13, 2023	August 29, 2039

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
30.	Carriage loadable space detection method and device based on three-dimensional laser (基於三維激光的車廂可裝載空間檢測方法和裝置) . . .	Invention patent	Our Company	PRC	2020102360219	July 14, 2023	March 30, 2040
31.	Information processing method, apparatus, and computer storage medium (信息處理方法、設備及計算機存儲介質)	Invention patent	Our Company	PRC	2021105143603	July 18, 2023	May 8, 2041
32.	Intersection traffic coordination method and device (交叉路口通行協調方法和裝置)	Invention patent	Our Company	PRC	2020112826963	July 14, 2023	November 17, 2040
33.	Method and device for detecting anti-smashing of integrated card based on three-dimensional laser and computer equipment (基於三維激光的集卡防砸檢測方法、裝置和計算機設備)	Invention patent	Our Company	PRC	202010158561X	May 26, 2023	March 9, 2040
34.	Obstacle detection method, device, equipment and computer storage medium (障礙物檢測方法、裝置、設備及計算機存儲介質) . .	Invention patent	Our Company	PRC	2021102646051	July 18, 2023	March 11, 2041
35.	Obstacle detection method, device, equipment and computer storage medium (障礙物檢測方法、裝置、設備及計算機存儲介質) . .	Invention patent	Our Company	HK	420210429114	November 17, 2023	March 11, 2041

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
36.	Positioning method, device, equipment, readable storage medium, and program product (定位方法、裝置、設備、可讀存儲介質及程序產品)	Invention patent	Our Company	PRC	2023101091863	July 18, 2023	February 14, 2043
37.	Target detection method, target detection device, computer equipment and storage medium (目標檢測方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2018114415111	July 18, 2023	November 29, 2038
38.	Multi-sensor target detection method, device, computer equipment, and storage medium (多傳感器目標檢測方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2018115605255	July 18, 2023	December 20, 2038
39.	Unmanned loading guiding method, device and system (一種無人駕駛裝載導引方法、裝置和系統)	Invention patent	Our Company	PRC	2019100026790	July 14, 2023	January 2, 2039
40.	Obstacle classification method, obstacle classification device, storage medium and computer equipment (障礙物分類方法、裝置、存儲介質和計算機設備)	Invention patent	Our Company	PRC	2018115627413	July 28, 2023	December 20, 2038

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
41.	Autonomous driving assistance positioning method, device, equipment, and storage medium (無人駕駛輔助定位方法、裝置、設備和存儲介質)	Invention patent	Our Company	PRC	2018113542001	September 26, 2023	November 14, 2038
42.	LiDAR external parameter calibration method, device, equipment, medium, and product (激光雷達的外參標定方法、裝置、設備、介質及產品)	Invention patent	Our Company	PRC	202310464282X	September 12, 2023	April 26, 2043
43.	Priority passage control method and device, roadside equipment, and traffic signal control equipment (優先通行控制方法與裝置、路側設備和交通信號控制設備)	Invention patent	Our Company	PRC	2021102227645	September 26, 2023	February 26, 2041
44.	Vehicle articulation point coordinate calibration method, device, computer equipment, and storage medium (車輛鉸接點坐標標定方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2019109859028	September 26, 2023	October 17, 2039

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
45.	Ground segmentation method and device based on stereoscopic vision, vehicle-mounted equipment and storage medium (基於立體視覺的地面分割方法、裝置、車載設備及存儲介質)	Invention patent	Our Company	PRC	2019101900185	September 26, 2023	March 13, 2039
46.	Vehicle-road cooperative communication method and device, traffic signal control equipment and road side equipment (車路協同通信方法與裝置、交通信號控制設備和路側設備)	Invention patent	Our Company	PRC	2021102227128	September 22, 2023	February 26, 2041
47.	Vehicle priority passage control method and related equipment (一種車輛優先通行控制方法及相關設備)	Invention patent	Our Company	PRC	2021102227630	September 26, 2023	February 26, 2041
48.	Method and device for determining road drivable area and computer equipment (道路可行駛區域的確定方法、裝置及計算機設備)	Invention patent	Our Company	PRC	2018115627432	September 26, 2023	December 20, 2038
49.	Panoramic all-around view image generation method of vehicle and related equipment (車輛的全景環視圖像生成方法及相關設備)	Invention patent	Our Company	Japan	2022-535119	August 21, 2023	December 16, 2040

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
50.	Dump truck and control method, computer-readable storage medium (自卸車及其控制方法、計算機可讀存儲介質)	Invention patent	Our Company	PRC	2018101396729	September 22, 2023	February 9, 2038
51.	Positioning data optimization method thereof and computer readable storage medium (定位數據優化方法、裝置、電子設備和可讀存儲介質)	Invention patent	Our Company	PRC	2023110018602	October 24, 2023	August 10, 2043
52.	Map fusion method, device, equipment, and medium (地圖融合方法、裝置、設備及介質)	Invention patent	Our Company	PRC	2023105443537	October 31, 2023	May 15, 2043
53.	Dump truck, control method thereof and computer readable storage medium (自卸車及其控制方法、計算機可讀存儲介質)	Invention patent	Our Company	PRC	2018101394070	January 2, 2024	February 9, 2038
54.	Driving behavior detection method, device and system and storage medium (駕駛行為檢測方法、裝置、系統及存儲介質).	Invention patent	Our Company	PRC	2018115325451	December 1, 2023	December 14, 2038
55.	External parameter calibration method and device for multi-group 3D camera group, storage medium and equipment (多組3D相機群的外參標定方法、裝置、存儲介質及設備)	Invention patent	Our Company	PRC	2019103797456	December 29, 2023	May 8, 2039

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
56.	Point cloud searching method and device and terminal equipment (一種點雲搜索方法、裝置及終端設備)	Invention patent	Our Company	PRC	2023109713893	December 29, 2023	August 3, 2043
57.	Obstacle detection method, device, and terminal equipment (一種障礙物檢測方法、裝置及終端設備)	Invention patent	Our Company	PRC	2023109171419	January 5, 2024	July 25, 2043
58.	Obstacle detection method, device, equipment and storage medium for rail vehicle (軌道交通工具的障礙物檢測方法、裝置、設備及存儲介質)	Invention patent	Our Company	PRC	2023107876646	December 1, 2023	June 30, 2043
59.	Dynamic lane management method and device, terminal equipment and storage medium (一種動態車道管理方法、裝置、終端設備及存儲介質)	Invention patent	Our Company	PRC	2021105215921	March 29, 2024	May 13, 2041
60.	Lane positioning method, device, vehicle, storage medium, and map construction method (車道的定位方法、裝置、車輛、存儲介質及地圖構建方法)	Invention patent	Our Company	PRC	2019100045325	April 16, 2024	January 3, 2039

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
61.	Binocular camera external parameter verification method, device, computer equipment, and storage medium (雙目相機外參檢驗方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2019109311371	April 19, 2024	September 29, 2039
62.	Vehicle steering control method, device, vehicle, and storage medium (車輛轉向控制方法、裝置、車輛和存儲介質)	Invention patent	Our Company	PRC	2021103594961	April 26, 2024	April 2, 2041
63.	Vehicle formation control method, vehicle, device and computer storage medium (車輛編隊控制方法、車輛、設備及計算機存儲介質)	Invention patent	Our Company	PRC	202110264729X	April 2, 2024	March 11, 2041
64.	Vehicle management method, apparatus, device, and computer storage medium (車輛管理方法、裝置、設備及計算機存儲介質) . . .	Invention patent	Our Company	PRC	2020115493223	April 2, 2024	December 24, 2040
65.	Method and device for generating real-time relative map, electronic equipment and storage medium (實時相對地圖的生成方法及裝置、電子設備和存儲介質)	Invention patent	Our Company	PRC	201811555006X	April 19, 2024	December 19, 2038

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
66.	Relative pose calibration method, device, computer equipment and storage medium (相對位姿標定方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	202010614019.0	May 28, 2024	June 30, 2040
67.	Point cloud clustering method, device, computer equipment, and storage medium (點雲聚類方法、裝置、計算機設備和存儲介質).	Invention patent	Our Company	PRC	2019104211235	June 11, 2024	May 20, 2039
68.	Method, device, computer device and storage medium for driving formation vehicle (編隊車輛行駛方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2020108121052	June 21, 2024	August 13, 2040
69.	Target detection and model training method, device, computer equipment and storage medium (目標檢測及模型訓練方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	201910406367.6	June 18, 2024	May 16, 2039
70.	Intelligent driving system, method, and computer-readable storage medium (智能駕駛系統、方法及計算機可讀存儲介質)	Invention patent	Our Company	PRC	201810371209.7	June 14, 2024	April 25, 2038

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
71.	Vehicle lane changing method, device, equipment and computer storage medium (車輛變道方法、裝置、設備及計算機存儲介質)	Invention patent	Our Company	PRC	202110321172.9	June 18, 2024	March 25, 2041
72.	Vehicle auxiliary control method and device, map acquisition method and server (車輛輔助控制方法與裝置、地圖獲取方法以及服務器)	Invention patent	Our Company	PRC	202011001261.7	July 16, 2024	September 22, 2040
73.	Vehicle mass estimation method and device, electronic equipment and storage medium (整車質量估算方法、裝置、電子設備和存儲介質)	Invention patent	Our Company	PRC	2019102232400	November 30, 2021	March 22, 2039
74.	Vehicle travel state control method, apparatus, computer device, and storage medium (車輛行駛狀態控制方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	2019101885876	May 25, 2021	March 13, 2039
75.	Method and device for vehicle to avoid obstacle, electronic equipment and storage medium (車輛避開障礙物的方法及裝置、電子設備和存儲介質)	Invention patent	Our Company	PRC	2018115562531	July 9, 2021	December 19, 2038

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No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry Date
76.	Parking trajectory generation method and device, computer equipment and storage medium (泊車軌跡生成方法、裝置、計算機設備和存儲介質)	Invention patent	Our Company	PRC	202010402570.9	September 27, 2024	May 13, 2040
77.	Panoramic all-around view image generation method of vehicle and related equipment (車輛的全景環視圖像生成方法及相關設備)	Invention patent	Our Company	PRC	2019112898189	April 3, 2020	December 16, 2039

3. Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration date	Expiry Date
1.	novodriv.net	Our Company	May 11, 2017	May 11, 2025
2.	metamine.cn	Our Company	September 27, 2021	September 27, 2025
3.	novodriv.co	Our Company	May 1, 2017	May 1, 2025
4.	cidiguardian.com	Our Company	July 25, 2024	July 25, 2025
5.	vessel2x.cn	Our Company	March 9, 2023	March 9, 2025
6.	novodriv.com	Novodriv Chongqing	May 1, 2017	May 1, 2025
7.	cidiserver.com	Our Company	July 17, 2018	July 17, 2026
8.	autosoftware.cn	Our Company	March 16, 2023	March 16, 2025
9.	csznjsygy.cn	Our Company	April 29, 2020	April 29, 2025
10.	vessel2x.com	Our Company	March 9, 2023	March 9, 2025

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Disclosure of interests of Directors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its 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 or 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interest in our Company

Name of Director or chief executive	Position	Nature of Interest ⁽¹⁾	Number of Unlisted/ H Shares	Approximate	Approximate	Approximate
				percentage of shareholding in the total issued Shares immediately prior to the [REDACTED]	percentage of shareholding in the total issued Shares immediately after the [REDACTED]	percentage of shareholding in H Shares immediately after the [REDACTED]
				[REDACTED]	(2)	(2)
Prof. Li ⁽³⁾	Founder, chairman of the Board and non-executive Director	Interest in controlled corporations	16,750,130 H Shares	43.64%	[REDACTED]%	[REDACTED]%
Dr. Hu Albert Sibó ⁽⁴⁾	Executive Director and chief executive officer	Beneficial interest	138,270 H Shares	0.36%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long position.

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- (2) The calculation is based on the total number of [REDACTED] Domestic Unlisted Shares in issue, [REDACTED] H Shares to be converted from Domestic Unlisted Shares in issue and [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming that the [REDACTED] is not exercised).
- (3) Under the SFO, Prof. Li is deemed to be interested in (i) the 11,443,151 Shares held by NovoDriv HK, the general partner of which is NovoDriv Limited, which in turn is wholly-owned by Prof. Li; (ii) the 4,883,250 Shares held by Changsha Gangwan, which (1) is directly held as to 99% by Prof. Li as the limited partner, and (2) is held as to 1% by Dongguan Intelligence as the general partner, which is controlled by Prof. Li; (iii) the 290,750 Shares held by CWB Startup HK, which is controlled by Prof. Li; and (iv) the 132,979 Shares held by Changsha Shengyu, the majority of the partnership interest of which is held by CWB Startup HK.
- (4) As of the Latest Practicable Date, Dr. Hu Albert Sibó was granted Options under the Share Incentive Scheme entitling him to receive up to an aggregate of 138,270 H Shares.

Save as disclosed above, none of the Directors or the chief executive officer of the Company will, immediately following completion of the [REDACTED], have any interests and/or short positions in the Shares, underlying Shares and debentures of our Company’s 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

2. Disclosure of Interests of Substantial Shareholders

(a) *Interests in our Company*

For information on the persons who will, immediately following the completion of the [REDACTED], have or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, see the section headed “Substantial Shareholders”.

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(b) Interests of the Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, so far as our Directors are aware, no other person (other than our Directors or chief executive of our Company) will, immediately following the completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Service Contracts

We [have entered] into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Director’s and Supervisors’ Remuneration

Save as disclosed in the section headed “Directors, Supervisors and Senior Management” and Note 8 to “Appendix I — Accountants’ Report” for the three years ended December 31, 2023 and the six months ended June 30, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Disclaimers

Saved as disclosed in this Document:

- (a) none of our Directors, Supervisors or any of the parties listed in “— E. Other Information — 4. Qualifications of Experts” below is:
 - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
 - (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

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- (b) save in connection with the [REDACTED] and the [REDACTED], none of the parties listed in “— E. Other Information — 4. Qualification of Experts” below:
 - (i) is interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. SHARE INCENTIVE SCHEME

The following is a summary of the principal terms of the share incentive scheme (the “**Share Incentive Scheme**”). The Share Incentive Scheme was adopted and approved on September 23, 2024.

The Share Incentive Scheme is not subject to Chapter 17 of the Listing Rules and no further options or awards may be granted under the Share Incentive Scheme after the [REDACTED]. Under the Share Incentive Scheme, the Company will grant option(s) (“**Option(s)**”) to Scheme Participants to acquire Unit(s) in the Shares held by Changsha Gangwan, pursuant to which the Scheme Participants shall enjoy the dividends and other economic rights attributable to the Shares held by Changsha Gangwan. As of the Latest Practicable Date, Changsha Gangwan held 93,410,000 Units, representing 4,305,280 Shares held in the Company (out of the 4,883,250 Shares in total held by Changsha Gangwan). As of the Latest Practicable Date, a total of 89,560,000 Units have been granted to 389 Eligible Participants, representing approximately 4,127,832 Shares held by Changsha Gangwan in the Company. All of the Units under the Share Incentive Scheme, representing 4,305,280 Shares held by Changsha Gangwan in the Company, will be granted to the Eligible Participants prior to the date of this document.

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A summary of the key terms is set out as follows:

Summary of Key Terms

- (a) **Purpose.** The purpose of the Share Incentive Scheme is to further bolster the corporate governance structure, improve the incentive mechanism, encourage outstanding employees and consultants to be more proactive, and foster the sense of responsibility among the Scheme Participants to promote the stable, continuous and rapid growth of the Company.
- (b) **Administration.** The Share Incentive Scheme is to be administered by an implementation committee (the “**Implementation Committee**”), the members of which include Prof. Li, Dr. Ma and Dr. Hu Albert Sibó. Any replacement of members of the Implementation Committee shall be subject to the approval of the Board. Subject to the procedures stipulated in the articles of association of the Company and Changsha Gangwan, the partnership agreement, the shareholders’ agreement or other relevant documents (the “**Approval Procedures**”), the Implementation Committee may (i) issue interpretations as to the terms, execution and administration of the Share Incentive Scheme; (ii) choose and decide the Scheme Participants; (iii) stipulate, amend, change or abolish the regulations of the Share Incentive Scheme and make the appropriate decisions; (iv) amend and supplement the Share Incentive Scheme, unless such actions would cause material adverse impact on the Options or Units already obtained by the Scheme Participants, in which case the consent shall be obtained from the Scheme Participants holding more than half of the issued Options at the time; (v) decide on the distribution, grant, redemption, exercise or termination of the Options and the terms and conditions thereof, and to make the relevant amendments, changes, cancellation or waiver; and (vi) to decide on matters or exercise powers that the Company or the Implementation Committee is responsible for under the Share Incentive Scheme. The decisions of the Implementation Committee shall be final, definitive and binding on all Scheme Participants. The Implementation Committee may authorize any of its members to execute matters within the scope of its power. From the effective date of the Share Incentive Scheme, the Implementation Committee may authorize any of its members to (i) verify and confirm the exercise of the Options; and (ii) verify and confirm the exercise and conversion of the Options into Units.
- (c) **Scheme Participants.** The core employees of the Group (including ex-employees) and consultants who work for, or have made significant contributions to the Group.

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- (d) **Duration.** The Share Incentive Scheme will be valid for 10 years commencing from the date of approval by the Board of the Share Incentive Scheme, unless otherwise resolved by the Board.
- (e) **Grant of Options.** Option gives a Scheme Participant a conditional right to acquire Units under the Share Incentive Scheme at a pre-determined price. Unless otherwise agreed by the Implementation Committee, the purchase price (the "**Exercise Price**") that a Scheme Participant has to pay in order to exercise the Option and be assigned the Units shall be decided by the Implementation Committee and shall be explicitly agreed in the relevant option grant agreement (the "**Option Grant Agreement**").

The grant of Options shall adhere to the principles of balancing responsibilities, rights and benefits. Subject to the provisions of the prevailing articles of association, partnership agreement, shareholders' agreement or other constitutional documents of the Company and Changsha Gangwan, Options may be allocated and granted based on the Scheme Participants' positions and performance and their contribution to the Company's results and in light of the actual condition of the Company. Subject to the Approval Procedures, the Implementation Committee shall have full and independent discretion to decide and adjust the ratio of allocation, grant of Options and exercise price of the Options based on the development of the Company. The Option Grant Agreement will take effect from the date on which the Approval Procedures are satisfactorily completed. Unless otherwise agreed in writing by the Implementation Committee, Options may be granted only if the Scheme Participant is still employed by the Company (or a subsidiary or an affiliated company established by the Company) or a labor or service relationship exists between the Scheme Participant and the Company (or a subsidiary or an affiliated company established by the Company) on the date of grant.

- (f) **Shares.** All the 93,410,000 Units underlying the Options under the Share Incentive Scheme, representing 4,305,280 Shares of the Company (accounting for approximately [REDACTED]% of the total issued share capital of our Company following completion of the [REDACTED], assuming the [REDACTED] is not exercised) are currently held by Changsha Gangwan for the purpose of holding Shares under the Share Incentive Scheme;
- (g) **Lapse of Options.** Unless with the written consent of the Implementation Committee, an Option shall lapse immediately on the occurrence of, among others, the following: (i) the Scheme Participant's employment with the Group is terminated as a result of serious incompetence or a violation of the law, employment contract or regulations; (ii) the Scheme Participant has materially neglected his/her duties or has committed malpractices for his/her personal gains, or has seriously damaged the rights and interests of the Company (or any subsidiary or affiliated company established by the Company); (iii) the Scheme Participant

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has breached any employment contract, confidentiality agreement, work product attribution agreement, non-compete agreement or any other agreements entered with the Company (or a subsidiary or an affiliated company established by the Company); (iv) the Scheme Participant has violated the rules and regulations of the Company (or a subsidiary or an affiliated company established by the Company) during the course of employment; (v) the Scheme Participant has materially breached the Option Grant Agreement, or has committed an immaterial breach of the Option Grant Agreement but has failed to rectify the situation within a reasonable period as required by Changsha Gangwan or the Company; (vi) the Scheme Participant's employment is terminated before the [REDACTED] of the Company; or (vii) the Scheme Participant has violated the partnership agreement or other constitutional documents of Changsha Gangwan;

- (h) **Transferability.** Before the [REDACTED] of the Company, except with the written consent by the Implementation Committee, any Options granted to the Scheme Participants pursuant to the Share Incentive Scheme and the Option Grant Agreement shall not be capable of being sold, transferred, given, pledged, mortgaged, gifted or otherwise disposed of by him/her, save that in the event of his/her death, his/her personal representatives shall receive the benefit of his/her Options, provided that the personal representatives shall be subject to the restrictions and conditions that come with the Options as stipulated by the Option Grant Agreement, and shall comply with the terms of the Share Incentive Scheme and the Option Grant Agreement.
- (i) **Lock-up Period.** After the [REDACTED], the Options will be subject to a lock-up period stipulated by the Implementation Committee, in accordance with the requirements of the relevant regulatory authorities and stock exchanges. The final day of such lock-up period shall not be earlier than the end of the applicable lock-up period for the Shares held by Changsha Gangwan upon [REDACTED].

Issued shares underlying the Share Incentive Scheme

Save as disclosed below, no Directors, Supervisors, senior management and other management and employees were granted Options under the Share Incentive Scheme prior to the [REDACTED]. The grant of the Options under the Share Incentive Scheme to the grantees as set out below has been approved by the Board.

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Name of Scheme Participant	Position in the Group	Number of Units underlying the Options granted	Number of Shares underlying the Options granted	Approximate percentage of the issued Shares immediately upon completion of the [REDACTED] ⁽¹⁾
Dr. Hu Albert Sibó	Executive Director and chief executive officer	3,000,000	138,270	[REDACTED]%
Mr. Zhu Jianneng	Supervisor	1,500,000	69,135	[REDACTED]%
Dr. Sheng Weitian	Supervisor	1,000,000	46,090	[REDACTED]%
Other Scheme Participants		84,060,000	3,874,337	[REDACTED]%

Note:

- (1) These percentages are calculated on the basis of [REDACTED] Shares in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

To the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to deal in, our H Shares in issue, our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may fall to be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

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Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US\$300,000 to act as the sponsors of our Company in connection with the proposed [REDACTED] on the Hong Kong Stock Exchange, which has yet to be paid in full to the Joint Sponsors as of the Latest Practicable Date.

China International Capital Corporation Hong Kong Securities Limited and China Securities (International) Corporate Finance Company Limited satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Ping An of China Capital (Hong Kong) Company Limited is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (2318.HK), which has business relationships with the Company and/or its subsidiaries and also holds Founder Securities, a beneficial holder of Changsha Hesheng, Tibet Fangchuang and Ningbo Jiusheng, pre-[REDACTED] investors of the Company, may not be able to perform its duties as an independent sponsor as set out in Chapter 3A of the Listing Rules.

4. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this Document are as follows:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct 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) regulated activities as defined under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
Ping An of China Capital (Hong Kong) Company Limited	Licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity
BDO Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Zhong Lun Law Firm	Legal advisors as to PRC laws to our Company

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<u>Name</u>	<u>Qualification</u>
China Insights Industry Consultancy Limited	Independent industry consultant
AVISTA Valuation Advisory Limited	Independent property valuer

Each of the experts named above has given and has not withdrawn its consent to the issue of this Document with the inclusion of its report, letter, and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries 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.

5. Binding Effect

This Document shall have the effect, if an application is made pursuant to this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

6. Bilingual Document

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 Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this Document, the English language version shall prevail.

7. Compliance Adviser

Our Company has appointed Ping An of China Capital (Hong Kong) Company Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. No Material Adverse Change

Our Directors confirm that, as of the date of this Document, there has been no material change in our financial or financial position since June 30, 2024.

10. Promoters

The promoters of our Company comprised all of the 50 then shareholders of our Company, as of July 2, 2024 before our conversion into a joint stock limited liability company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

11. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

12. Miscellaneous

Save as disclosed in this Document:

- (a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (i) our Company has no outstanding convertible debt securities or debentures.

APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications of Experts”; and
- (b) a copy of each of the material contracts referred to in “Appendix VII — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.cidi.ai during a period of 14 days from the date of this Document:

- 1. the Articles of Association;
- 2. the Accountant’s Report prepared by BDO Limited, the text of which is set forth in Appendix I to this document;
- 3. the audited consolidated financial statements of our Company for the three financial years ended 31 December 2021, 2022 and 2023 and the nine months ended September 30, 2024;
- 4. **[REDACTED]**, the text of which is set out in Appendix IA to this document;
- 5. the report from BDO Limited on the unaudited **[REDACTED]** financial information of our Group, the text of which is set forth in Appendix II to this Document;
- 6. the letter, summary of values and valuation certificates relating to our property interests prepared by AVISTA Valuation Advisory Limited, the text of which is set out in Appendix III to this document;
- 7. the material contracts in “Appendix VII — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts”;

**APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF
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8. the written consents referred to in “Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications of Experts”;
9. the service contracts referred to in “Appendix VII — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management — 3. Service Contracts”;
10. the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;
11. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed “Industry Overview” in this document;
12. the terms of the Share Incentive Scheme; and
13. a copy of the following PRC laws, together with their unofficial English translations:
 - the PRC Company Law;
 - the PRC Securities Law; and
 - the Overseas Listing Trial Measures.