Application Proof of

均胜电子
JOYSON ELECTRONICS

NINGBO JOYSON ELECTRONIC CORP.
寧波均勝電子股份有限公司

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

WARNING

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

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司) (the "**Company**", together with its subsidiaries, the "**Group**"), its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or any supplemental, revised or replacement pages on the Stock Exchange's website does not give rise to any obligation of the Company, its respective sponsors, overall coordinators, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or any supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) this document is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on the Stock Exchange;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, its respective sponsors, overall coordinators, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

THIS APPLICATION PROOF IS NOT FOR PUBLICATION OR DISTRIBUTION TO PERSONS IN THE UNITED STATES. ANY SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES WITHOUT REGISTRATION THEREUNDER OR PURSUANT TO AN AVAILABLE EXEMPTION THEREFROM. NO PUBLIC OFFERING OF THE SECURITIES WILL BE MADE IN THE UNITED STATES.

NEITHER THIS APPLICATION PROOF NOR ANY INFORMATION CONTAINED HEREIN CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR IN ANY OTHER JURISDICTIONS WHERE SUCH OFFER OR SALE IS NOT PERMITTED. THIS APPLICATION PROOF IS NOT BEING MADE AVAILABLE IN, AND MAY NOT BE DISTRIBUTED OR SENT TO ANY JURISDICTION WHERE SUCH DISTRIBUTION OR DELIVERY IS NOT PERMITTED.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this document, you should obtain professional independent advice.

均胜电子
JOYSON ELECTRONICS

NINGBO JOYSON ELECTRONIC CORP.
寧 波 均 勝 電 子 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 [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**
(in alphabetical order)

CICC 中金公司　　UBS 瑞銀集團

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company on the **[REDACTED]**. The **[REDACTED]** is expected to be on or before **[REDACTED]** (Hong Kong time) and, in any event, not later than 12:00 noon **[REDACTED]** (Hong Kong time). The **[REDACTED]** will not be more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]** unless otherwise announced. If, for any reason, the **[REDACTED]** is not agreed by 12:00 noon **[REDACTED]** (Hong Kong time) between **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse.

The **[REDACTED]**, for themselves and on behalf of the **[REDACTED]**, may, where considered appropriate and with the consent of our Company, reduce the number of **[REDACTED]** and/or the indicative **[REDACTED]** below that is stated in this document (being HK$**[REDACTED]** per **[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**) at any time prior to the morning of the last day for lodging **[REDACTED]** under the **[REDACTED]**. In such case, notices of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** will be published on the website of our Company at **www.joyson.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging **[REDACTED]** under the **[REDACTED]**. For further details, see "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 **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) if certain events occur prior to 8:00 a.m. on the **[REDACTED]**. For details, see "**[REDACTED]**" in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be [REDACTED], [REDACTED], pledged or otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The [REDACTED] may only be [REDACTED] and [REDACTED] (a) in the United States to [REDACTED] in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, or in a transaction not subject to, registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S. No [REDACTED] of the [REDACTED] will be made in the United States.

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

This document is issued by us solely in connection with the [**REDACTED**] *and the* [**REDACTED**] *and does not constitute an* [**REDACTED**] *to sell or a solicitation of an* [**REDACTED**] *to buy any security other than the* [**REDACTED**] *by this document pursuant to the* [**REDACTED**]. *This document may not be used for the purpose of making, and does not constitute, an* [**REDACTED**] *or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* [**REDACTED**] *of the* [**REDACTED**] *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a* [**REDACTED**] *and the* [**REDACTED**] *and sale of the* [**REDACTED**] *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or 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 [**REDACTED**] *decision. The* [**REDACTED**] *is made solely on the basis of the information contained and the representations made in this document. 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 contained nor made in this document must not be relied on by you as having been authorized by us, any of the Joint Sponsors, the* [**REDACTED**], *any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the* [**REDACTED**].

Page

CONTENTS

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 and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to **[REDACTED]** *the* **[REDACTED]**.

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

OVERVIEW

Our Mission

Joy and Safety on, Joyson (讓全球每一程旅途愉悅、安心).

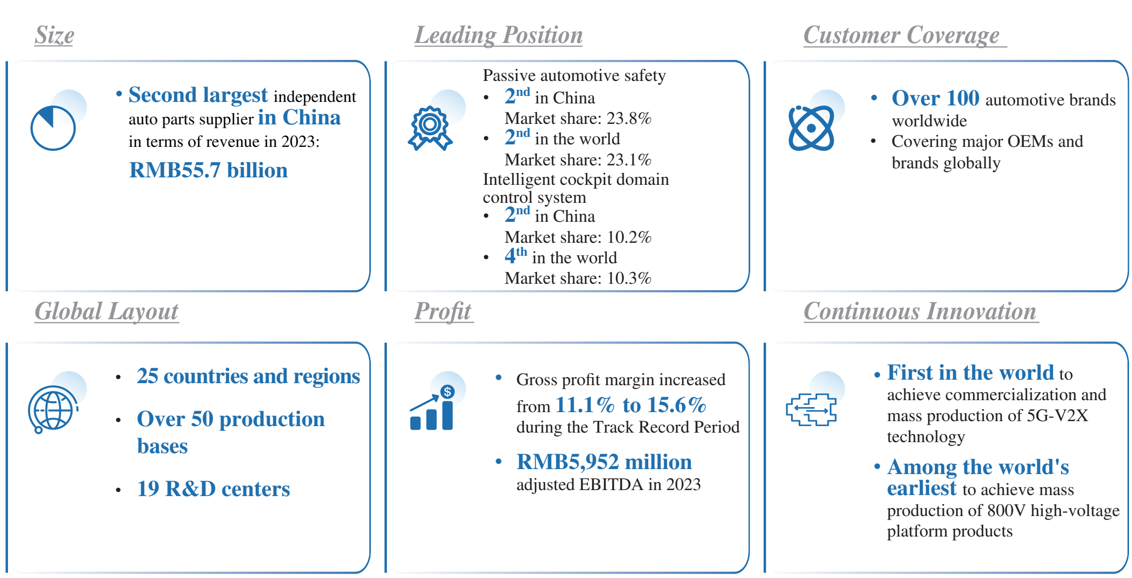
Our Vision

Light up every trip in the world with our intelligent automotive technology (讓我們的智能汽車科技點亮全球每一次出行).

Who We Are

We are a world-leading intelligent automotive technology solution provider, offering advanced products and solutions across the automotive industry's key areas mainly including automotive electronics and automotive safety. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest intelligent cockpit domain control system provider in China and the fourth largest in the world, and the second largest passive automotive safety products provider in both China and the world. According to the same source, we were the second largest independent auto parts supplier in China in terms of revenue in 2023.

Leveraging on our platform-based and modularized technology system and global R&D, production and sales network, we pioneer in advancing the intelligence and electrification transformation of the global automotive industry. The following chart illustrates our proved market leadership and global layout:

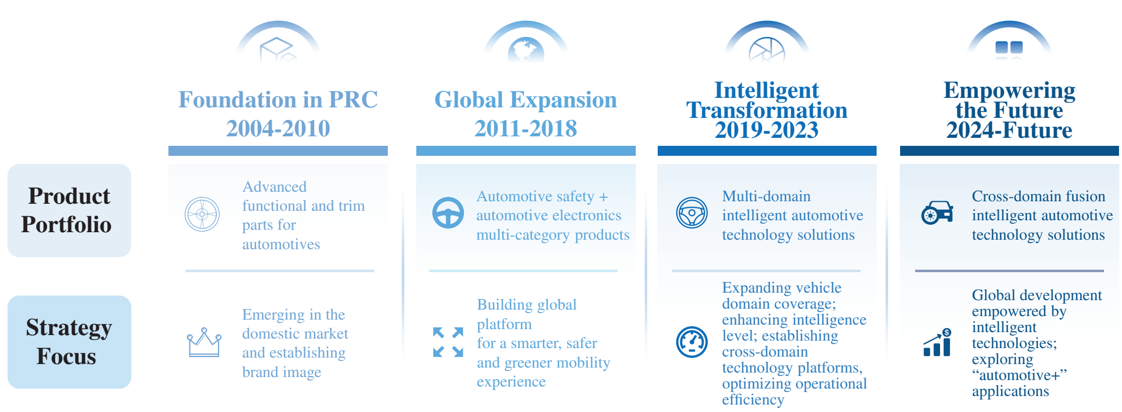


We are one of the few Chinese intelligent automotive technology companies that have built a highly global platform and achieved synchronous R&D, supply chain deployment, production and sales network with global OEMs. As of September 30, 2024, we had 19 R&D centers and over 50 production bases around the world, covering major automotive markets including Asia, Europe and North America. Our globalization strategy has proven successful, with overseas sales contributing to 76.3% of our total revenue in 2023. In addition, we were ranked first in the Top 100 Chinese Multinational Corporations and Multinational Index (中國跨國公司100大及跨國指數) for four consecutive years from 2021 to 2024, demonstrating the scale of our global operations.

The industry trends of intelligence and electrification are ushering the global automotive industry into a new era. Numerous emerging NEV brands are rapidly springing up, with disruptive intelligent electrification technologies. According to Frost & Sullivan, the global sales volume of NEVs increased rapidly from 2.2 million units in 2019 to 15.1 million units in 2023. This market is further expected to increase from 19.0 million units in 2024 to 38.0 million units in 2028, representing a CAGR of 18.9%. The emergence and prevalence of NEVs has paved the way for the proliferation of intelligent and electrification technologies. Such trends present both opportunities and challenges for traditional OEMs, prompting them to embrace new technologies and solutions. As intelligent cockpits, intelligent driving and other user-centric intelligent functions become crucial factors in consumers' decision-makings, global OEMs are placing increasing importance on intelligent automotive technologies. These trends offer us substantial growth opportunities.

We believe our long-term investment in global platforms and intelligent automotive technologies lays a crucial foundation for us to adapt to the trends of intelligence and electrification with our industry partners. We have a strong customer base worldwide. Some of our subsidiaries have maintained business relationships with certain customers for over one century. As of September 30, 2024, our customers included more than 100 automotive brands worldwide. Our customers included the top ten OEMs in both China and the world. Leveraging our advanced technologies and cross-domain solutions in automotive electronics and automotive safety and our global customer network, we empower global OEM customers to create a smarter, safer and greener mobility experience.

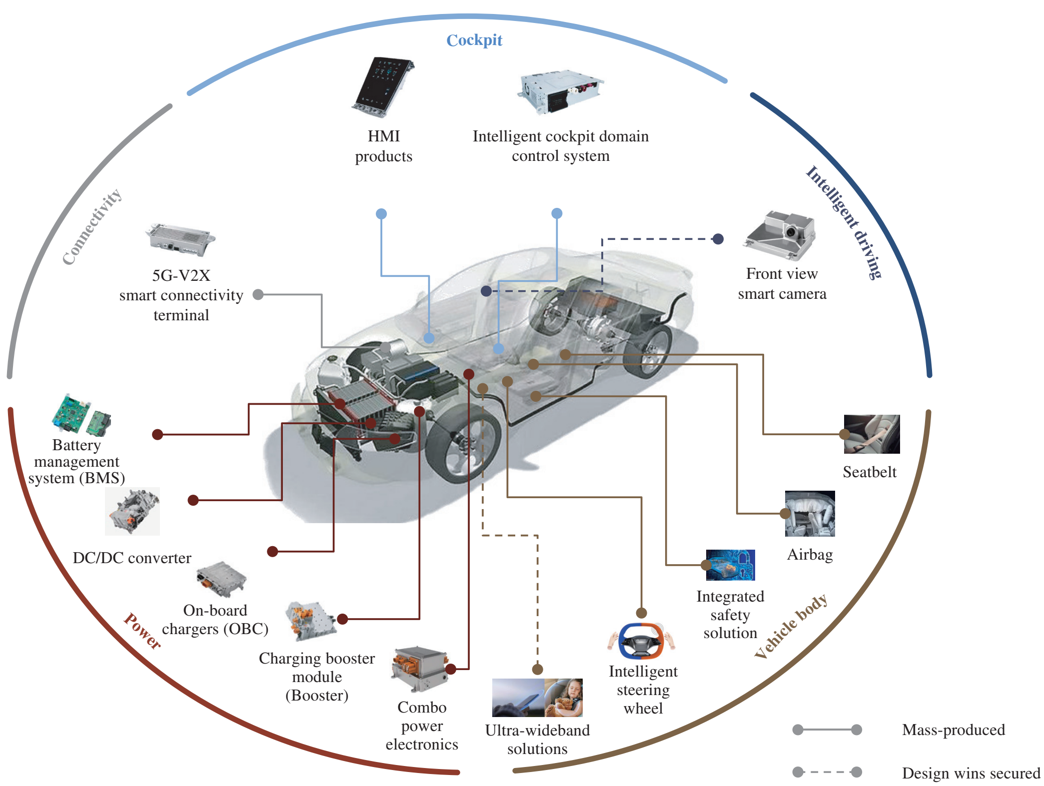
Through organic development and strategic acquisitions, we have evolved from a company merely offering individual auto parts in China to a world-leading provider of intelligent automotive technology solutions, with cross-domain products and advanced technological capabilities.



OUR PRODUCTS AND SOLUTIONS

Our Products and Solutions Portfolio

We offer two main categories of solutions, namely, automotive electronics and automotive safety solutions. Our automotive electronics solutions primarily include automotive intelligence solutions, E-mobility solutions and HMI products. Our automotive safety solutions primarily offer airbags, seatbelts, intelligent steering wheels and integrated safety solutions. By combining our expertise in automotive safety, domain controllers, E-mobility and HMI, we provide comprehensive solutions to OEMs through close collaboration from initial product definition to manufacturing. The following illustration sets forth our product portfolio:



Our products and solutions are diverse and complementary by covering key vehicle domains including cockpit, intelligent driving, connectivity, power and vehicle body. We integrate technological capabilities in areas such as automotive safety, domain controllers, E-mobility and HMI while fostering synergies amongst them, and thus developing comprehensive products and solutions, such as cockpit-driving fusion domain controller and central computing unit ("**CCU**") that offer full-suite functionalities encompassing intelligent driving, intelligent cockpit and connectivity. In addition, by combining our experience in automotive safety and automotive electronics, we have developed innovative solutions such as the Pyrotechnic Battery Disconnect ("**PBD**"), Driver Monitoring System ("**DMS**") and Occupant Monitoring System ("**OMS**"). These solutions enhance the safety of intelligent NEVs and empower a higher level of automotive electrification and intelligence.

OUR STRENGTHS

We believe that the following strengths contribute to our success:

- World-leading Intelligent Automotive Technology Solution Provider Steadily Reinforcing Industry Leadership;
- Collaborative Global Platform Encompassing Entire Value Chain and Enabling Optimal Resource Allocation;
- Deep Vertical Integration of Soft- and Hardware Forming Core Value Barrier;
- Comprehensive Product Portfolio with Strong Synergy Potential;
- High-quality Global Customer Base;
- Global Intelligent Manufacturing System Empowering Production Efficiency; and
- Leadership with Global Vision and Extensive Industry Experience.

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Continuously Promoting Innovation in Intelligent Technologies;
- Strengthening Leadership amidst Electrification trend;
- Enhancing Global Integration and Optimizing Cost Structure and Operation Efficiency;
- Further Capitalizing on China's Market Advantages and Integrating Global Resources;
- Empowering Intelligent Manufacturing Upgrade with Digitalization; and
- Strengthening ESG Endeavors and Realizing Sustainable Development Goals.

OUR TECHNOLOGY

We have successfully developed a number of core in-house technologies underpinning our products and solutions as well as buttressing the development and testing of our products and solutions.

Our Technology and R&D

A global R&D platform for intelligent automotive technology

In 2022, 2023 and the nine months ended September 30, 2024, our research and development expenditure (including capitalized and expensed portions) amounted to RMB3,033.9 million, RMB3,648.0 million and RMB2,558.6 million, respectively. As of September 30, 2024, we had 5,528 R&D specialists, representing 13.0% of our total employees and an industry leading level in China. We have 19 R&D centers around the world, covering major automotive markets such as Asia, Europe and North America.

Our engineers across different regions collaborate in the R&D and product design, forming a synergistic global innovation network with rapid response capabilities, significantly accelerating the R&D cycle for new products. For example, in the nine months ended September 30, 2024, the development cycle for our new HMI products was 12 to 18 months, significantly lower than 18 to 24 months in the same period in 2022.

Comprehensive soft- and hardware R&D platform

We develop, design and produce in-house the hardware for our core products such as battery management systems and domain controllers from the ground up, while developing the corresponding core software in the meantime. By adopting a platform-based and modular R&D strategy, we place importance on the cost efficiencies throughout the entire project lifecycle from the R&D stage. As such, the underlying technology platform of our products is highly adaptable and can be extensively reused across various OEMs' vehicle platforms, significantly reducing R&D costs, shortening development cycles and enabling us to swiftly align with customer iteration demand.

Our comprehensive in-house development capability and integration of hardware and software allow us to be more flexible in adapting and iterating to meet customer needs in a cost-efficient manner. Combined with our global engineering resources, we believe that we are well-positioned to deliver customized products to our customers, thereby establishing our differentiated competitiveness.

Industry certification and OEM recognition

Our R&D system is robust and adheres to high standards. Our core R&D centers have received various certifications such as CNAS. Our product development process complies with A-SPICE process and has obtained ASIL-D level certification, the highest level of automotive functional safety. Our automotive electronics solutions, including smart connectivity solution and intelligent cockpit products, have obtained the TISAX AL3 certification, representing the highest level of TISAX assessment, cyber security standard widely recognized by participants across the global automotive industry supply chain. In addition, our products meet the differentiated development and certification requirements of various OEM customers, due to their high level of technical sophistication, reliability and compatibility. As such, we gained high recognition from our OEM customers, and conducted various joint R&D with our OEM customers to develop innovative automotive electronics and safety solutions. For example, we collaborated with a well-known domestic OEM to jointly develop a high computing power domain controller for autonomous driving. Through years of involvement in large-scale international mass production projects, our software and hardware development have gained extensive experience and validation.

As of September 30, 2024, we have contributed to the formulation of numerous industry standards and held a wide matrix of patents globally. Our PBD technology, capable of disconnecting the automotive high-voltage circuit system within 1 ms, was awarded the 2022 Innovation Award of European Association of Automotive Suppliers (Clean & Sustainable Mobility) and has been successfully mass-produced for NEVs by world-renowned OEMs. Our elastomer locking tongue was awarded with Advanced Body System Gold Award (前瞻車身系統類金獎) at the 8th China Auto Parts Industry Awards (鈴軒獎) in 2023.

OUR PRODUCTION

We have established a network of production facilities in strategic domestic and overseas locations to better serve our major geographic markets and target customers. As of September 30, 2024, we had over 50 production bases around the world, covering major automotive markets such as Asia, Europe and North America. The following table sets forth the details of our major production facilities during the Track Record Period:

	Year ended December 31,						Nine months ended September 30,		
	2022			2023			2024		
	Designed Capacity (Unit)	*Actual Production Volume (Unit)*	*Utilization Rate (%)*	*Designed Capacity (Unit)*	*Actual Production Volume (Unit)*	*Utilization Rate (%)*	*Designed Capacity (Unit)*	*Actual Production Volume (Unit)*	*Utilization Rate (%)*
Automotive Electronics Solutions									
– Automotive intelligence solutions	4,716,013	3,287,214	69.7	4,716,013	4,359,058	92.4	3,331,488	2,928,833	87.9
– E-mobility	3,729,592	3,188,693	85.5	4,129,594	3,331,116	80.7	3,675,580	2,398,990	65.3
– HMI	55,041,499	52,603,820	95.6	67,396,984	58,416,403	86.7	51,420,133	44,021,292	85.6
Automotive Safety Solutions	468,390,425	329,840,536	70.4	513,622,619	325,155,079	63.3	393,573,344	236,478,438	60.1

Notes:

(1) The designed capacity of the period is calculated based on the number of operational days per year, the number of shifts per day, the duration of each shift, the cycle time and the overall equipment effectiveness (OEE). These factors vary depending on the specific factory.

(2) The utilization rate during the period is calculated by dividing the production output by the designed capacity for the same period.

(3) During the Track Record Period, we outsourced an immaterial portion of the production of automotive intelligence solutions to third party manufacturers, amounting to 81,857 units, 225,310 units and 152,052 units in 2022, 2023 and the nine months ended September 30, 2024.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of OEMs and tier-one suppliers. In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our five largest customers in each period of the Track Record Period in aggregate was RMB24,191 million, RMB27,927 million and RMB19,554 million, representing 48.6%, 50.1% and 47.5% of our total revenue, respectively. In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our largest customer in each period of the Track Record Period was RMB10,985 million, RMB13,578 million and RMB9,576 million, representing 22.1%, 24.4% and 23.3% of our total revenue, respectively. See "Business — Our Customers — Major Customers".

Our suppliers primarily consist of raw materials suppliers. In 2022 and 2023 and the nine months ended September 30, 2024, purchase amount to our top five suppliers in each period of the Track Record Period in aggregate was RMB3,743.0 million, RMB3,796.6 million and RMB2,997.5 million, representing 8.9%, 8.4% and 9.5% of our total purchase amount, respectively. In 2022 and 2023 and the nine months ended September 30, 2024, purchase amount to our largest supplier in each period of the Track Record Period was RMB925.5 million, RMB852.1 million and RMB766.8 million, representing 2.2%, 1.9% and 2.4% of our total purchase amount, respectively. See "Business — Our Suppliers — Major Suppliers".

COMPETITIVE LANDSCAPE

We operate in the automotive industry, which is highly competitive and concentrated. For example, according to Frost & Sullivan, in 2023, the top three suppliers in the global automotive passive safety industry accounted for about 92.8% of the total market size, and the top three suppliers in Chinese automotive passive safety industry accounted for about 86.0% of the total market size. We generally compete with other large-scale manufacturers of automotive components and parts. We believe the most critical factors of success for outcompeting our peers are our globally-distributed facilities and global synergies, reliability and good quality of our products, responsive customer services, leading position in technological innovation especially automotive electrification and intelligence, deep integration of software and hardware and competitive pricing. In addition, we compete primarily based on our mass production experiences, product performance, manufacturing efficiency, stable supplies, responsiveness to changes in customer needs and expansion of marketing and sales networks. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest independent auto parts supplier in China.

We plan to continually improve our R&D capabilities to ensure our products and solutions match the evolving needs of customers. Meanwhile, we may face increasing competition from existing and emerging companies that may significantly expand the scale of their operations. See "Risk Factors — We operate in a highly competitive industry, and we may be unable to continually maintain a leading position in this industry."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Results of Operations

The following table summarizes our results of operations for the periods indicated:

	Years ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Revenue	49,793,352	55,728,476	41,310,038	41,134,727
Cost of sales	(44,251,367)	(47,671,536)	(35,698,560)	(34,723,739)
Gross profit	**5,541,985**	**8,056,940**	**5,611,478**	**6,410,988**
Other income	121,150	149,695	104,633	146,446
Selling and marketing expenses	(432,763)	(437,151)	(287,847)	(398,264)
Administrative expenses	(2,572,252)	(2,921,968)	(2,120,237)	(2,096,551)
Research and development costs	(2,138,848)	(2,541,498)	(1,743,907)	(1,771,610)
Impairment reversal/(losses) on trade and other receivables	15,762	(35,991)	(25,253)	(16,336)
Other net gains	309,229	230,393	177,386	38,631
Profit from operations	**844,263**	**2,500,420**	**1,716,253**	**2,313,304**
Finance costs	(477,528)	(889,772)	(653,726)	(630,455)
Share of profits of equity-accounted investees, net of tax	113,083	151,633	113,315	89,134
Profit before taxation	**479,818**	**1,762,281**	**1,175,842**	**1,771,983**
Income tax	(246,557)	(522,189)	(306,028)	(509,078)
Profit for the year/period	**233,261**	**1,240,092**	**869,814**	**1,262,905**
Attributable to:				
Equity shareholders of the Company	394,184	1,083,191	778,720	941,500
Non-controlling interests	(160,923)	156,901	91,094	321,405
Profit for the year/period	233,261	1,240,092	869,814	1,262,905
Earnings per share				
Basic (RMB)	0.29	0.78	0.56	0.67
Diluted (RMB)	0.29	0.78	0.56	0.67

See "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss."

Non-IFRS Measure

We use adjusted EBITDA (non-IFRS measure) in evaluating our operating results during the Track Record Period, which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements, which are presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles adjusted EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the periods indicated:

	Year ended December 31,		**Nine months ended September 30,**	
	2022	**2023**	**2023**	**2024**
	(RMB in thousands)			
			(unaudited)	
Profit before taxation	**479,818**	**1,762,281**	**1,175,842**	**1,771,983**
Add:				
Interest expenses	932,114	1,120,903	864,571	864,087
Depreciation	1,838,917	1,828,286	1,716,872	1,532,916
Amortization of intangible assets	1,048,577	1,076,617	796,270	739,142
Restructuring expenses	233,102	239,672	193,410	94,957
Less:				
Interest income	(95,002)	(75,592)	(74,572)	(73,143)
Adjusted EBITDA (non-IFRS measure)	**4,437,526**	**5,952,167**	**4,672,393**	**4,929,942**

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Non-current assets	29,136,207	30,524,463	30,939,609
Current assets	24,975,887	26,362,385	28,264,381
Total assets	**54,112,094**	**56,886,848**	**59,203,990**
Non-current liabilities	15,533,202	15,129,868	16,772,781
Current liabilities	20,875,214	22,630,608	23,820,439
Total liabilities	**36,408,416**	**37,760,476**	**40,593,220**
Net current assets	**4,100,673**	**3,731,777**	**4,443,942**
Net Assets	**17,703,678**	**19,126,372**	**18,610,770**
Non-controlling interests	**5,450,778**	**5,547,338**	**5,065,790**
Total equity	**17,703,678**	**19,126,372**	**18,610,770**

See "Financial Information — Discussion of Selected Items from Our Consolidated Statements of Financial Position."

Summary of the Consolidated Statements of Cash Flows

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		Nine Months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	
Net cash generated from operating activities	2,169,820	3,929,016	2,755,731	3,050,441
Net cash used in investing activities	(2,674,845)	(2,828,170)	(2,339,830)	(1,478,314)
Net cash (used in)/generated from financing activities	(230,945)	(726,052)	(456,606)	676,593

	Year ended December 31,		Nine Months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	
Net (decrease)/increase in cash and cash equivalents	(735,970)	374,794	(40,705)	2,248,720
Cash and cash equivalents at the beginning of the year/period	4,549,246	3,845,521	3,845,521	4,253,516
Effect of foreign exchange rate changes	32,245	33,201	(60,107)	(19,897)
Cash and cash equivalents at end of year/period	3,845,521	4,253,516	3,744,709	6,482,339

See "Financial Information — Liquidity and Capital Resources — Cash Flow."

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		Nine months ended/As of September 30,
	2022	2023	2024
Gross profit margin (%)	11.1	14.5	15.6
Adjusted EBITDA margin (non-IFRS measure) (%)	8.9	10.7	12.0
Trade and bills receivable turnover days	56.1	54.9	56.7
Current ratio	1.2	1.2	1.2
Quick ratio	0.8	0.8	0.8
Gearing ratio (%)	67.3	66.4	68.6

Notes:

(1) Gross profit margin is calculated as gross profit for the year/period divided by revenue and multiplied by 100%.

(2) Adjusted EBITDA margin (non-IFRS measure) is calculated as adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%.

(3) Trade and bills receivable turnover days for a year/period equal the average of the opening and closing balance of trade and bills receivable for the relevant year/period divided by the revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 270 days for nine months.

(4) Current ratio is calculated as current assets divided by current liabilities as of the relevant year/period end.

(5) Quick ratio is calculated as current assets less inventories divided by current liabilities as of the relevant year/period end.

(6) Gearing ratio is calculated as total liabilities divided by total assets of the year/period multiplied by 100%.

See "Financial Information — Key Financial Ratios."

USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated [**REDACTED**] 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**] million 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**] million, is expected to be used to enhance our leadership position in the intelligent automotive technology industry, capturing transformative opportunities in the downstream automotive industry by investing in the research, development and commercialization of next-generation automotive intelligence solutions and cutting-edge technologies.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for improving our manufacturing capacities, optimizing our supply chain management, and improving cost efficiency.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for expanding our overseas business presence and collaborating with OEM customers in overseas expansion.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for potential investment, and merger and acquisition opportunities in targets with technology specialties, business operation and brand profiles complementary to our business, aiming to reinforce our leading position in the electrification and intelligence trend of automotive industry.

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

See "Future Plans and Use of [**REDACTED**]."

DIVIDENDS AND DIVIDEND POLICY

Our Company declared dividends of RMB136.8 million and RMB365.5 million in 2023 and the nine months ended September 30, 2024, representing dividend payout ratios of 34.7% and 33.7%, respectively. We did not declare dividend in 2022. Dividend payout ratio is calculated by dividing our dividend by the distributable net profit and total comprehensive income for the year attributable to the equity shareholders of the Company of the previous year. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2022 and 2023 in full. See note 32(b) to the Accountants' Report in Appendix I to this document. After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. See "Financial Information — Dividends and Dividend Policy."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] our [**REDACTED**]. Some of the major risks we face include:

- We operate in a highly competitive industry, and we may be unable to continually maintain a leading position in this industry;
- If our products and solutions do not appropriately address the evolution of the automotive industry, our business, financial condition and results of operations could be materially and adversely affected;
- Changes in sales, production and market demand of automotives can materially and adversely affect our business, financial condition and results of operations;
- Failure to retain our existing customers or attract new ones could materially and adversely impact our business, financial condition and results of operations;
- Our existing OEM customers may not purchase our products and solutions in any certain quantity or at any certain price;

- We rely on the stability of our supply chain as well as a number of key suppliers;
- Pricing pressure from our customers may materially and adversely affect our business, financial condition and results of operations; and
- We have businesses in a number of countries and jurisdictions, which are subject to legal, regulatory, operational and other risks inherent in international and cross-border operations.

See "Risk Factors."

RECENT DEVELOPMENT

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since September 30, 2024, the end of the period reported on the Accountants' Report in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang was interested in approximately 39.22% of the total issued share capital of our Company, comprising 2.49% directly owned by Mr. Wang and 36.73% indirectly owned through Joyson Group, which is controlled by Mr. Wang.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Wang will, directly and indirectly through Joyson Group, continue to control [**REDACTED**] of the voting rights of our Company. Therefore, Mr. Wang and Joyson Group will remain as our Controlling Shareholders upon the [**REDACTED**].

For further details about our Controlling Shareholders, please see the section headed "Relationship with Our Controlling Shareholders" in this document.

In addition, we expect certain connected transactions of our Group with our Controlling Shareholders and/or their respective close associates will continue after the [**REDACTED**], details of which are set out in "Connected Transactions" in this document.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Our Company is currently listed on the Shanghai Stock Exchange. Our Directors confirmed that, and our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in all material respects.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are newly issued in the [**REDACTED**], (ii) the [**REDACTED**] for the [**REDACTED**] are not exercised, and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**]:

	Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]**
Market [**REDACTED**] of our H Shares(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2).	[**REDACTED**]	[**REDACTED**]

Notes:

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

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share are arrived at after adjustment and on the basis that [**REDACTED**] Shares (excluding 21,664,015 treasury shares as shown in the Note 32(d) to the Accountants' Report set out in Appendix I to the Document) are expected to be in issue immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] had been completed on 30 September 2024 without taking into account of the Shares which may be issued upon exercise of the [**REDACTED**].

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"A Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shanghai Stock Exchange and are traded in Renminbi
"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"affiliate"	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 of Association" or "Articles"	the articles of association of our Company, conditionally adopted on December 23, 2024 with effect from the [**REDACTED**], and as amended from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of our Company
"Board" or "Board of Directors"	the Board of directors of our Company
"Business day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company"	Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司), a joint stock company incorporated in the PRC with limited liability on August 7, 1992, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code 600699.SH), formerly known as Liaoyuan Deheng Company Limited (遼源得亨股份有限公司) and Liaoyuan Joyson Electronics Co., Ltd. (遼源均勝電子股份有限公司)
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang and Joyson Group, as further detailed in the section headed "Relationship with Our Controlling Shareholders" in this document
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)

"Director(s)"	director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"Employee Incentive Scheme"	The employee incentive scheme of our Company approved by the Shareholders on November 1, 2021, the principal terms of which are set out in "Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Senior Management — Employee Incentive Scheme"
"EU"	the European Union

[**REDACTED**]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"GDP"	gross domestic product

[**REDACTED**]

"Group", "our Group", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such present subsidiaries and the businesses carried on by such present subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas [**REDACTED**] shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and are to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$" or "HK dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" of this document
"Joyson Group"	Joyson Holding Co., Ltd. (均勝集團有限公司), formerly known as Ningbo Joyson Investment Group Co., Ltd. (寧波均勝投資集團有限公司), a limited liability company established in the PRC on September 4, 2001, and one of our Controlling Shareholders
"JSS LLC"	Joyson Safety Systems Acquisition LLC, a limited liability company established in the United States on December 18, 2017, our indirect non-wholly owned subsidiary
"Joyson Safety Huzhou"	Joyson Safety Systems (Huzhou) Co., Ltd. (均勝汽車安全系統(湖州)有限公司), a limited liability company established in the PRC on July 23, 2007, our indirect non-wholly owned subsidiary
"Latest Practicable Date"	January 6, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"Liaoyuan Deheng"	Liaoyuan Deheng Company Limited (遼源得亨股份有限公司), a joint stock company incorporated in the PRC with limited liability on August 7, 1992, which is the predecessor of our Company
"Lingang Joyson"	Shanghai Lingang Joyson Safety Systems Co., Ltd. (上海臨港均勝汽車安全系統有限公司), a limited liability company established in the PRC on May 22, 2019, our indirect non-wholly owned subsidiary

[**REDACTED**]

[REDACTED]

"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. WANG Jianfeng (王劍峰), our executive Director, chairperson of the Board and one of our Controlling Shareholders
"MXN$"	Mexican Peso, the lawful currency of the Mexico
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
"Ningbo JOYNEXT"	Ningbo JOYNEXT Technology Corp. (寧波均聯智行科技股份有限公司), a joint stock company established in the PRC with limited liability on September 7, 2016, our direct non-wholly owned subsidiary
"Ningbo Joyson Safety"	Ningbo Joyson Safety Systems Co., Ltd. (寧波均勝汽車安全系統有限公司), a limited liability company established in the PRC on January 20, 2017, our indirect non-wholly owned subsidiary
"Ningbo Preh Joyson"	Ningbo Preh Joyson Automotive Electronics Co., Ltd. (寧波普瑞均勝汽車電子有限公司), a limited liability company established in the PRC on December 27, 2010, our indirect wholly owned subsidiary

"Nomination, Remuneration and Appraisal Committee"	the nomination, remuneration and appraisal committee of our Company
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PIA Automation"	Ningbo PIA Automation Holding Corp. (寧波均普智能製造股份有限公司), a company established in the PRC and controlled by Joyson Group, the shares of which are listed on the Shanghai Stock Exchange (stock code: 688306.SH)

"PRC GAAP"	generally accepted accounting principles of PRC
"PRC Legal Advisor"	Commerce & Finance Law Offices, the PRC legal advisors of our Company

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)

"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Senssun"	Guangdong Senssun Weighing Apparatus Group Ltd. (廣東香山衡器集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on June 22, 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002870.SZ)
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)

[**REDACTED**]

"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and ESG committee of our Company
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of our 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

"Track Record Period"	the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

[**REDACTED**]

"US$" or "US dollars"	United States dollars, the lawful currency of the United States

[**REDACTED**]

"%"	per cent

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 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

The following is a glossary of certain terms used in this document in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"5G"	the fifth-generation mobile network, a new global wireless standard after 1G, 2G, 3G, and 4G networks
"autonomous driving"	a technology that enables vehicles to operate itself in certain or all conditions
"ADAS"	advanced driver assistance systems
"AI"	artificial intelligence
"AOI"	automated optical inspection
"AMR"	autonomous mobile robot
"AOA"	Angle of Arrival, a technique for finding the direction that an incoming radio wave is coming from
"ASIL"	Automotive Safety Integrity Level
"AUTOSAR"	Automotive Open System Architecture, a development partnership of automotive interested parties founded in July 2003
"BMS"	battery management system
"Booster(s)"	charging booster module(s)
"Bluetooth"	a radio technology that makes it possible for mobile phones, computers and other electronic devices to be linked over short distances, without needing to be connected by wires
"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
"CAICV"	China Industry Innovation Alliance for the Intelligent and Connected Vehicles

"CAGR"	compound annual growth rate
"CCSA"	China Communications Standards Association
"CCU(s)"	central computing unit(s)
"CO2"	carbon dioxide
"combo power electronics"	integrated systems that combine multiple power electronic functions or components into a single unit
"Daisy-Chain"	a connection method used to connect multiple battery units or components in sequence
"DC"	direct current
"DC/DC converter"	DC voltage converter
"DMC"	data matrix code
"DMS"	Driver Monitoring System
"domain controller(s)"	a computer that controls a set of vehicle functions related to a specific area, or domain. Functional domains that require a domain controller are typically compute intensive and connect to a large number of input and output devices. Examples of relevant domains include autonomous driving, cockpit, powertrain, chassis and body
"E/E"	electrical/electronic
"ECE R-127 regulation"	UN ECE Regulation No. 127, which sets out uniform provisions for the approval of motor vehicles with regard to their pedestrian safety performance
"ECU"	electronic control unit
"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

"E-mobility"	An energy management system capable of intelligently controlling devices like batteries and chargers to optimize energy utilization and extend battery life
"ERP"	enterprise resource planning
"EV"	electric vehicle
"eVTOLs"	electric vertical take-off and landing vehicles
"Ex Works"	an arrangement in which the seller is required to make goods ready for pickup at its place of business, and the buyer is responsible for all freight and delivery costs
"FCA"	free-carrier, a trade term which means that the seller is required to assume the cost of delivery to the specified location and to bear the risks until the goods are delivered to such specified location
"FOB"	free on board, a term of sale whereby the seller delivers when the goods pass the ship's rail at the named port of shipment after which the buyer has to bear all shipping and other costs and tasks in respect of loss of or damage to the goods from that point
"FOTA"	firmware over-the-air, a technology that updates vehicle firmware and software remotely through cloud network
"GHG"	greenhouse gas
"HMI"	human-machine interface
"IATF16949"	international technical specification of automotive industry quality management system, which prepared by International Automotive Task Force (IATF) and ISO
"ICCE"	Intelligent Car Connectivity Industry Ecosystem Alliance
"intelligent cockpit"	a comprehensive application space for various new technologies of intelligent connected vehicles

"IoT"	Internet of Things, referring to the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between the devices themselves
"ISO"	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
"ISO14001"	an internationally recognized standard for environmental management system published by the ISO
"ISO14064"	an internationally recognized standard green-house gas emissions published by the ISO
"ISO14068"	an internationally recognized standard for the carbon neutrality published by the ISO
"ISO26262"	an internationally recognized standard for ASIL
"ISO50001"	an internationally recognized standard for the energy management system published by the ISO
"ISO9001"	an internationally recognized standard for Quality Management Systems published by the ISO
"ISO/TS16949"	an internationally recognized standard for the quality management systems for automotive production and relevant service part published by the ISO
"IT"	information technology
"LiDAR"	light detection and ranging, a method for determining ranges by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver
"Level 2"	the levels of autonomous driving, a system at this level continuously performs both the vehicle's lateral and longitudinal movement control for dynamic driving tasks within its designed operational conditions and has the capability for some detection and response to objects and events that are relevant to the driving task

"LES"	logistics execution system
"Level 2+"	commonly used in the industry to describe a system that enables vehicles to realize functions that beyond basic Level 2 features
"Level 4"	the levels of autonomous driving, a system at this level continuously performs all dynamic driving tasks and executes minimal risk maneuver in response to system failure within its designed operational conditions. When the system requests intervention, the user is not required to respond, as the system is capable of automatically reaching a minimal risk condition
"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
"MES"	manufacturing execution systems
"middleware"	software framework that acts as a bridge between the upper-layer application and the underlying hardware
"ms"	milliseconds
"NCAP"	the New Car Assessment Program, providing consumers with a safety performance assessment for the majority of the most popular cars
"NEV(s)"	new energy vehicles, comprising of battery electrics vehicles, plug-in hybrid electric vehicles and fuel cell vehicles
"OBCs"	on-board charger(s)
"OEM(s)"	automotive original equipment manufacturers (automotive manufacturer(s)), company(ies) that design, develop, and manufacture vehicles, and market their vehicles directly to customers
"OMS"	Occupant Monitoring Systems
"OTA"	over-the-air

"PBD"	pyrotechnic battery disconnect
"PCB"	printed circuit board
"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
"PDU"	power distribution unit
"QNX"	a family of open-source Unix-like operating systems based on the Linux kernel
"R&D"	research and development
"RoHS"	Restriction of Hazardous Substances
"RFID"	radio frequency identification, a technology for data acquisition by way of radio frequency between transponders and a host system
"SAP"	systems, applications, and products in data processing
"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
"SMT"	surface mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
"SoCs"	system-on-chips, programmable IC(s) that integrates CPU, memory interfaces, on-chip input/output devices, input/output interfaces, and secondary storage interfaces, often alongside other components such as radio modems and a graphics processing unit, all on a single substrate or microchip
"SOTA"	software over-the-air
"subsystem"	a system that is part of a larger system

"Tier-one supplier(s)"	automotive system integrator(s), company(ies) that supply(ies) assembled components or systems directly to OEMs. Tier-1 suppliers need to work closely with OEMs during the design and development stages of vehicles, ensuring the integration of their components into the final product
"TISAX"	Trusted Information Security Assessment Exchange
"TOPs"	trillions of operations per second, a measurement of the potential peak AI inferencing performance based on the architecture and frequency required of the processor
"ultra-wideband"	a radio technology that can use a very low energy level for short-range, high-bandwidth communications over a large portion of the radio spectrum
"V2X"	vehicle-to-everything, referring to the communication between a vehicle and any entity that may affect, or may be affected by, the vehicle
"VAVE"	value analysis and value engineering
"WIFI"	wireless local area networking

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate; and
- developments in technology and our ability to successfully keep up with technological advancement.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *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.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive industry, and we may be unable to continually maintain a leading position in this industry.

The automotive industry is highly competitive. We compete with a number of other companies that produce and sell similar products and solutions. Among other factors, our products and solutions compete on the basis of price, quality, technological innovation, design and performance, manufacturing and sales capability, delivery and customer services. Some of our competitors are larger and have greater financial and other resources than us. Some of our competitors may also have a competitive advantage as a result of special relationships or ownership interests with certain customers. Our ability to compete successfully depends largely on our ability to differentiate our products and solutions from those of our competitors, continue to deliver quality products and solutions in the time frames required by our customers and maintain cost-efficient production. We continue to invest in technology and innovation which we believe are critical to our long-term growth. Our ability to maintain and improve existing products and solutions, while successfully developing and introducing distinctive new and enhanced products and solutions that anticipate changing customer and consumer preferences and capitalize upon emerging technologies, is also important for us to remain competitive. If we are unsuccessful or are less successful than our competitors in predicting the course of market development, developing innovative products and solutions, processes and/or use of materials, or adapting to new technologies or evolving regulatory, industry or customer requirements, we may be placed at a competitive disadvantage.

In addition, increased competition may lower our sales volume and increase our inventory, which may in turn result in downward price pressure and materially and adversely affect our profit margin. Therefore, the ability to stay ahead of our competitors will be fundamental to our future success. If we do not continue to innovate to develop or acquire new and compelling products and solutions that effectively compete with our competitors, our business, financial condition and results of operations may be materially and adversely affected.

If our products and solutions do not appropriately address the evolution of the automotive industry, our business, financial condition and results of operations could be materially and adversely affected.

The automotive industry and automotive intelligence technologies are rapidly evolving. Our business and prospects will depend on our ability to effectively identify consumer needs, develop and introduce new products and solutions, cost-effectively enhance current products and solutions and the adoption of automotive intelligence products and solutions in the market by factors such as comprehensiveness of functionalities, cost considerations, driver and passenger preferences, and consumers' awareness of automotive intelligence products and solutions. We sell our products and solutions that are deployed on OEMs' vehicle models. Therefore, our success heavily depends on the market acceptance of our products and solutions and the underlying technologies. We cannot guarantee that our products and solutions will be or will continue to be accepted by the market as the industry evolves. Furthermore, we cannot guarantee that our products and solutions will gain widespread market recognition or that OEMs will succeed in their efforts to increase consumer acceptance. If our products and solutions do not appropriately address the evolution of the automotive industry or automotive intelligence technologies, our business, financial condition and results of operations could be materially and adversely affected.

Changes in sales, production and market demand of automotives can materially and adversely affect our business, financial condition and results of operations.

The success of our business is directly related to automotive sales and production by OEMs. Automotive sales and production are highly cyclical and also depend on other factors such as general economic conditions and consumer confidence and preferences. In addition, automotive sales and production can be affected by labor relations or safety management issues, regulatory requirements, trade agreements, availability of consumer financing and other factors. Lower automotive sales may result in our OEM customers lowering vehicle production schedules, which has a direct, material and adverse impact on our earnings and cash flows.

Our sales are also affected by inventory levels and production levels of OEMs. However, we cannot predict when OEMs will decide to either build or reduce inventory levels. In the past, we have experienced sales declines during the OEMs' scheduled shutdowns or shutdowns resulting from unforeseen events. The declines in our customers' production levels and thus, our production volumes, can have a material and adverse impact on our business, financial condition and results of operations.

The demand for our products and solutions is also dependent on consumers' demand for and adoption of intelligent vehicles. The market for intelligent vehicles is rapidly evolving, characterized by technologies, competition, government regulation, industry standards and consumer demands and behaviors. If the market for intelligent vehicles does not develop as fast, or at all, as we expect, our business, financial condition and results of operations will be materially and adversely affected.

Failure to retain our existing customers or attract new ones could materially and adversely impact our business, financial condition and results of operations.

In order to increase our revenue and maintain our growth, we are committed to retaining existing customers and attracting new customers. Our customers primarily consist of OEMs that purchase our products and solutions for their vehicle models. We have actively maintained long-term business relationships with many OEM customers. However, we cannot guarantee that our existing customers will continue to procure our products and solutions for their new vehicle models or will maintain their partnerships with us for our ongoing projects or future projects. Our ability to retain existing customers or attract new customers depends on the following factors, some of which are out of our control:

- the competitiveness of our pricing and payment terms for our customers, which may, in turn, be constrained by our capital and financial resources;
- the market acceptance of our new products, solutions, services and functionalities;
- our ability to continue investing in R&D to accommodate our customers' need;
- mergers and acquisitions among market players; and
- the effects of domestic and global economic conditions on the development of the automotive industry generally.

It may be challenging to offer products and solutions tailored to the specific needs of our OEM customers, as well as to maintain high-quality customer support, as our customer base grows and becomes more diverse. This may result in customer dissatisfaction, a decline in overall demand for our products and solutions and a loss of expected revenue. Moreover, failing to meet customer expectations could harm our reputation, thereby hindering our ability to retain existing customers and attract new ones. If we are unable to retain our existing customers or attract new customers due to any of the foregoing factors, our business, financial condition and results of operations will be materially and adversely affected. Further, if our existing customers decrease or cease their usage of our products and solutions, we may be unable to acquire new customers that spend similarly or even more for our products and solutions, and our business, financial condition and results of operations will be materially and adversely affected.

Our existing OEM customers may not purchase our products and solutions in any certain quantity or at any certain price.

Upon obtaining design wins from certain OEMs, we develop customized products and solutions to be equipped on specific vehicle models of OEM customers. We generally enter into contracts with our OEM customers, which set forth the salient terms such as product specification, pricing, warranty and indemnifications. However, our contracts with OEM customers generally do not specify a fixed purchasing quantity. Instead, we typically receive preliminary estimates from OEMs regarding their anticipated production volumes for vehicle models associated with the design wins. Such estimates are subject to potential revisions by the OEMs, which may be significantly higher or lower than initially estimated, resulting in uncertainty to our revenue. Additionally, OEMs may experience delays or cancellations in the development of the models, which may result in extended timelines or even the abandonment of certain models. As a result, obtaining the design win is not a guarantee of revenue. Furthermore, OEMs may choose to develop their own products and solutions, which may also reduce their demand for our products and solutions. If actual production orders from the OEM customers are not consistent with their projections, we could realize less revenue than our expectation.

In addition, if actual production volumes are lower than estimated, we may not cancel excess supplies in a timely manner, or at all, and the inventory may accumulate, leading to increased storage costs and potential obsolescence, which may materially and adversely affect our business, financial condition and results of operations.

We rely on the stability of our supply chain as well as a number of key suppliers.

Our success depends in part on our ability to manage the supply chain to manufacture and deliver the products and solutions in a timely manner and with quality. We source the raw materials and components for our products and solutions from third-party suppliers. In 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our material cost was RMB31,437.8 million, RMB34,235.6 million, RMB25,839.8 million and RMB24,718.7 million, respectively, representing 71.0%, 71.8%, 72.4% and 71.2% of our total cost of sales. See "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss — Cost of Sales." As a result, our production volume and production costs depend on our ability to source key raw materials and components at competitive prices. However, the raw materials and components we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation, governmental regulations and policies, geopolitical tensions or health epidemics. Any future shortage in supplies may lead to increases in the prices of alternatives and may cause suppliers to allocate available raw materials and components more selectively among their customers across these industries. We might fail to secure an adequate supply of such raw materials and components under favorable business conditions, if at all, which could prevent us from meeting our customer demand. Moreover, such shortage could lead to increases in material cost and negatively impact our future profitability.

We generally do not enter into long-term supply agreements with fixed price arrangements, which is in line with the industry norm. We have adopted comprehensive policies and measures to manage the price fluctuations of raw materials and components. See "Business — Our Suppliers — Supply of Raw Materials and Components." However, we may be unable to obtain raw materials and components in the quantities of a quality or at a price that we require, which may disrupt our supply chain, increase our production costs and delay deliveries of our products and solutions to customers. If any of above circumstances occur, our business, financial condition and results of operations could be materially and adversely affected.

In addition, our suppliers could fail to meet our needs for various reasons beyond our control, including fires, natural disasters, extreme weather, manufacturing problems, epidemic, strikes, transportation interruptions or governmental regulation. A failure of supply could also occur due to suppliers' financial difficulties, including bankruptcy. Changing suppliers may require a long lead time. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price within a reasonable period of time, or at all. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Pricing pressure from our customers may materially and adversely affect our business, financial condition and results of operations.

We design, develop and manufacture complex and quality products and solutions, and primarily supply to OEMs. OEMs in the automotive industry generally require systematic price reduction from their suppliers, according to Frost & Sullivan. We have in the past received, and may continue to receive, requirement from customers to reduce the prices of our products and solutions, which may affect our profit margins. We must be able to reduce operating costs and increase operating efficiency in order to maintain profitability. As our business is capital intensive and requires us to maintain a large, fixed cost base, our profitability is dependent, in part, on our ability to spread fixed costs over sales volume. However, we may not be able to spread such fixed costs effectively as our customers generally negotiate for lower prices as the volume of their orders increases, in addition, in line with industry norms, our customers expect the price will decrease during the contract term. If we are unable to offset customer price reductions through improved operating efficiency, profitable new or upgraded products and solutions, enhanced manufacturing processes, increased sourcing alternatives and other cost reduction initiatives, our business, financial condition and results of operations may be materially and adversely affected.

We have businesses in a number of countries and jurisdictions, which are subject to legal, regulatory, operational and other risks inherent in international and cross-border operations.

In 2022, 2023 and the nine months ended September 30, 2023 and 2024, the revenue from our overseas business was RMB38,106.4 million, RMB42,495.5 million, RMB32,061.5 million and RMB31,353.7 million, respectively, representing 76.5%, 76.3%, 77.6% and 76.2% of our total revenue in the same periods. We expect to expand further into international markets. Operating in multiple jurisdictions around the globe and expanding into new markets may subject ourselves to the following risks:

- challenges in providing products, solutions and customer support, in recruiting personnel in international markets and in managing sales channels effectively;

- challenges in commercializing our products and solutions in new markets where we have limited experience with the local market dynamics and no existing or developed sales and marketing infrastructure;

- difficulties in dealing with regulatory regimes, regulatory bodies and government policies, in order to obtain or maintain permits, licenses and approvals necessary to manufacture, market and sell our products and solutions in or to various countries or jurisdictions;

- adverse changes in, or our failure or the failure of our suppliers or customers to comply with customs laws, regulations, tariffs, trade policies and quotas set by the local government and PRC government when we import raw materials and components or export our products and solutions among the different countries or jurisdictions where we do business;

- potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual property rights;

- differences in accounting treatment in different countries and jurisdictions, uncertainties in interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions and foreign exchange losses;

- exposure to litigation or third-party claims in different jurisdictions and inability to effectively enforce contractual or legal rights;

- instability or unavailability of international transportation or logistics services due to macroeconomics, geopolitical and other factors;

- changes in laws, regulations and policies as well as political, economic and market instability, geopolitical risks or civil unrest in the relevant countries and jurisdictions; and

- unfavorable market conditions, intense competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with our international business operations.

If we are unable to effectively avoid or mitigate these risks, our ability to continue operating in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, and we may also be subject to fines and penalties imposed by local governments and our brand image and reputation may be affected, which could have a material and adverse effect on our business, financial condition and results of operations.

Undetected defects, errors or bugs of our products and solutions could adversely affect our business, financial condition and results of operations.

Most of our products and solutions are sold to OEMs for deployment in their specific vehicle models. The products and solutions we develop are technical and complex, requiring rigorous standards. They may contain errors, defects, security vulnerabilities or software issues difficult to detect and correct. Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products and solutions may weaken customer confidence and trust in our products and solutions and result in even losses to our OEM customers. Although we engage in extensive product quality programs and processes, these may not be sufficient to avoid product failures, which could cause us to lose operating revenue, incur increased costs such as warranty expenses and costs associated with customer support, experience delays, cancellations or rescheduling of orders for our products and solutions, experience increased product returns or discounts, or damage our reputation. Although we strive to address any issues identified in our products and solutions promptly, these efforts may not be timely to meet our OEM customers' expectations and may disrupt our production. In such an event, we may be required, or may choose, for customer relations or other reasons, to allocate additional resources to correct the problem. Furthermore, these issues could potentially lead to complaints, liability claims or lawsuits, including those filed against us by OEMs, and users or other parties, exposing us to potential liabilities and damages. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, our customer satisfaction could be diminished, our reputation and brand could be significantly harmed, and our business, financial condition and results of operations may be materially and adversely affected.

In addition, we have been involved in warranty and product-related liability claims, and may continue to be exposed to such risks in the future if we fail to implement and maintain our quality control steps, or our products and solutions fail to perform as expected or any actual or perceived defects result, or is alleged to result, in bodily injury and death, property damage or both. We cannot guarantee that we will not experience any material losses or expenses related to product liability or product recall incidents or that we will not incur significant costs to defend any such claims. These actions and incidents could also expose us to adverse publicity, which might adversely affect our brand, reputation and customers' preference for our products. Certain product liability claims may be the result of defects from component and parts from our suppliers, in the event of which, our attempt to enforce our rights against such suppliers and manufacturers may be extensive and time-consuming. For example, a successful product liability claim against us could require us to pay substantial monetary compensation and may generate substantial negative publicity about our business. Any insurance coverage might not be sufficient to cover all potential claims. In addition, if flaws in either the design or manufacture of our products and solutions were to occur, we could experience a rate of failure in our products and solutions that could result in significant delays in delivery and product re-work or replacement costs. Any recall claim brought against us arising from the products and solutions of our acquired subsidiaries due to a long product life cycle, or any product liability claim brought against us in excess of our available insurance, may have a material adverse effect on our business, financial condition and results of operations.

Our R&D efforts may not be successful.

We expect to continue to dedicate significant financial and other resources to our R&D efforts in order to maintain our competitive position. In 2022, 2023 and the nine months ended September 30, 2024, our research and development expenditure (including capitalized and expensed portions) were RMB3,033.9 million, RMB3,648.0 million and RMB2,558.6 million, respectively. However, investing in R&D, developing new products and solutions and enhancing existing products and solutions can be expensive and time consuming, and we cannot guarantee that such activities will result in significant new marketable products and solutions or enhancements to our existing products and solutions, design improvements, cost savings, revenue increases or other expected benefits. If we spend significant time and effort on R&D, and nevertheless are unable to generate an adequate return on our investment, our business, financial condition and results of operations may be materially and adversely affected.

The development cycles of our products and solutions can be long and we are subject to risks relating to the planning and implementation of complex projects.

The planning and implementation process of our products and solutions is complex and the development cycles of our products and solutions can be long. For example, in the nine months ended September 30, 2024, the development cycle for our new HMI products was 12 to 18 months. In addition, there may be various challenges during the product development process, including, in particular, technical or process handling issues. As a result, we may face additional expenses and increased quality risks. If we are unable to resolve these issues, the development of that product or solution may fail and our business, financial condition and results of operations may be adversely affected.

Further, automotive OEMs generally do not commit to minimum purchase quantities from their suppliers, even when a supplier is nominated for a certain vehicle. As such, we cannot guarantee that we may successfully commercialize such development results on a timely basis at favorable margins, failure of which may have a material adverse effect on our business, financial condition and results of operations.

Any production interruption or incident may have a material and adverse impact on our business, financial condition and results of operations.

We produce many products and components of products at our production facilities. We plan to continuously adjust our manufacturing capacity to market demand and to improve our productivity. Our production operations involve the coordination of raw materials, inventory management, internal production processes, logistics and external sales processes. We may experience difficulties in coordinating the various aspects of our production processes, thereby causing downtime and delays. We produce and store almost all our products and solutions, as well as conduct some of our development activities, at our own facilities. A delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and solutions and operate our business. Our machineries and equipment housed in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory stored in our facilities. Although we had purchased a number of insurance policies to cover potential liabilities in our daily operation, such as machinery breakdown insurance, third-party liability insurance, business interruption insurance, property insurance, comprehensive business insurance, special equipment liability insurance, the occurrence of such an event is still likely to affect our business materially and adversely. See "Business — Insurance." Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, financial condition and results of operations.

In addition, while we employ safety procedures in the operation of our facilities, there are risks that an accident or death may occur in any one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend such litigation can be significant. As a result, the costs to defend any action, or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have an adverse effect on our business, financial condition and results of operations.

Our historical results may not be indicative of business, financial condition and results of operations, and we may not be able to manage future growth effectively.

We recorded net profit of RMB233.3 million, RMB1,240.1 million, RMB869.8 million and RMB1,262.9 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively. See "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss." Our future growth and profitability are affected by a number of factors, such as our ability to optimize and enrich our product portfolio, our ability to successfully implement our business development strategies in a cost-effective manner and our ability to effectively manage our costs and expenses and continuously improve operational efficiency. Accordingly, you should not rely on the revenue of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses effectively, we may incur losses in the future and may not be able to achieve profitability.

We may not be successful in implementing our business plans and strategies effectively or at all, which could materially and adversely affect our business, financial condition and results of operations.

Our business plans and strategies are based on our assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans and strategies. As such, we cannot guarantee that our business plans and strategies will be implemented successfully as scheduled or at all.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities as expected or remain competitive in the industry. Furthermore, even if we implement our business plans and strategies effectively and efficiently, there may be other unexpected events or factors beyond our control that may prevent us from achieving the desirable and profitable results, such as the changes in laws and regulations and governmental policies, the availability of skilled professionals and changes in consumer demand. Moreover, our business plans and strategies may increase our operating costs, such as higher staff costs, as well as greater depreciation for production equipment and facilities, and increase our cash outflows for operating and investing activities. Accordingly, if our business plans and strategies cannot be successfully implemented, or if they do not yield ideal results, we may have significant difficulties in recovering our costs and therefore our business, financial condition and results of operations may be adversely and materially affected.

We rely on our business partners and other industry participants and the business collaboration with them is subject to various risks.

Strategic business relationships are, and will continue to be, an important factor in the growth and success of our business. We have alliances and partnerships with other industry participants, such as those who can provide technological solutions and manufacturing services. If we are unable to maintain the existing relationships with our business partners, or if we fail to identify and negotiate additional relationships that are essential to our future expansion or success on commercially acceptable terms or at all, we may incur increased costs to develop and provide these capabilities on our own, and our business, financial condition and results of operations could be materially and adversely affected.

We could experience delays in the development or delivery of our products and solutions to the extent our partners do not meet agreed timelines or experience capacity constraints. We could also experience disagreement in budget or funding for any joint development project. There is also risk of potential disputes with partners in the future, including with respect to intellectual property rights. Moreover, if our existing partner agreements were to be terminated, we may be unable to timely secure alternative agreements on terms and conditions commercially acceptable to us. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We rely on third-party service providers and business partners to provide products and services for us and our customers.

We work with a broad range of third-party service providers and business partners, such as logistic service providers. These third parties are subject to risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their respective legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner or in accordance with the terms agreed upon or applicable laws. For example, we engage logistics service providers to transport products to our customers. The services provided by our logistics service providers may be suspended, canceled or delayed for various reasons beyond our control, including improper handling by our logistics service providers, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters, which could cause interruption to the sales or delivery of our products. If we are unable to maintain or develop good relationships with logistics service providers or find suitable replacements in a timely manner, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. In addition, any improper handling of our products by the logistics service providers could also result in product damage, which may in turn lead to product recalls, product liabilities, increased costs and damage to our reputation, and thus adversely affect our business, financial condition and results of operations. Any increase in the service costs of our logistics service providers may also lead to an increase to our logistic expenses, which may in turn negatively affect our results of operations.

In addition, while we have procedures in place for assessing risks along with selecting, managing and monitoring our relationships with third-party service providers, suppliers and business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, financial condition and results of operations could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business, financial condition and results of operations may be materially and adversely affected.

Our success relies on key management and other highly qualified personnel with specialized skills.

Our success is significantly dependent upon the continued service of our management and highly qualified personnel with specialized skills. Our ability to compete effectively depends on our ability to retain and motivate existing employees and attract new employees. We may need to offer competitive compensation and other benefits to attract and retain key personnel and our compensation and benefits payments may increase unexpectedly or at a greater rate than expected. If we lose the services of any member of management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner at reasonable cost, or at all. Our failure to attract and retain key management or qualified personnel and any increase in employee compensation to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business and may have a material adverse effect on our business, financial condition and results of operations.

Our key management and employees are subject to confidentiality terms and noncompete arrangements. However, we cannot guarantee that such terms or arrangements can be fully and legally enforced. If any of our management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to customer concentration risk.

In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our five largest customers in each period of the Track Record Period in aggregate was RMB24,191 million, RMB27,927 million and RMB19,554 million, representing 48.6%, 50.1% and 47.5% of our total revenue, respectively. In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our largest customer in each period of the Track Record Period was RMB10,985 million, RMB13,578 million and RMB9,576 million, representing 22.1%, 24.4% and 23.3% of our total revenue, respectively. See "Business — Our Customers — Major customers." Our major customers' stable relationship with us and consistent demands are crucial to our business. Their business conditions, liquidity and solvency may have a significant impact on our business dealings. Any disruption in our business relationship with major customers could have a material adverse effect on our business, financial condition and results of operations. In the event that the existing major customers reduce or cease to purchase our products and solutions and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or at all, our business, financial condition and results of operations may be materially and adversely affected.

Any failure to offer high-quality customer services for our customers may harm our relationships with them and, consequently, our business, financial condition and results of operations.

As we continue to grow our operations, we need to be able to continue to provide efficient support and effective maintenance that meets our customer demands at an international scale. We may not be able to recruit or retain sufficient qualified personnel with experience in supporting customers of our products and solutions. As a result, we may be unable to quickly respond to accommodate short-term increases in customer demand for technical support or maintenance assistance. We may also 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. If we experience increased customer demand for support and maintenance, we may face increased costs that might harm our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. 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 a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

Our policy allows products and solutions with defects to be returned and exchanged by our customers within the warranty period. See "Business — Our Customers — Returns and Replacement" and "Business — Our Customers — After-sales and Warranty." If we experience any deterioration in the quality of our products and solutions, we will incur higher costs associated with returns, exchanges and warranties. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customers, they also subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot guarantee that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business, financial condition and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in the loss of existing customers or failure to acquire new users at the pace desired, which may materially and adversely affect our business, financial condition and results of operations.

Failure to maintain our brand and reputation and the negative publicity and allegations involving us, our shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate globally 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 amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot guarantee that these activities are and will be successful or that we can achieve the brand promotion effect we expect.

In addition, negative publicity and allegations involving us, our shareholders, Directors, officers, employees and business partners, or the industry in which we operate as a whole may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the products and solutions provided by us, thereby resulting in reduced sales volumes and revenues, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to foreign currency exchange rate fluctuations, which may impact our business, financial condition and results of operations.

Our financial statements are presented in Renminbi. However, our overseas business is influenced by the currencies of those countries where we manufacture and/or sell our products and solutions, as well as the agreements of our subsidiaries with their respective customers and suppliers. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, the revenue from our overseas business was RMB38,106.4 million, RMB42,495.5 million, RMB32,061.5 million and RMB31,353.7 million, respectively, representing 76.5%, 76.3%, 77.6% and 76.2% of our total revenue.

The exchange rate between Renminbi and foreign currencies has fluctuated in the past, and this may impact our business, financial condition and results of operations in the future. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, we incurred net exchange gains of RMB381.9 million, RMB179.6 million, RMB153.7 million and RMB175.2 million, respectively. While we seek to hedge our foreign currency exchange risk by entering into forward exchange contracts, any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses that we may incur due to such fluctuations. Furthermore, these contracts cover only a portion of our total exposure to foreign exchange risks. Failure to manage such risk may materially and adversely affect our business, financial condition and results of operations.

Expansion and acquisitions of or investments in our businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties.

Historically, we conducted acquisitions to expand our geographic footprint, business scale and market share, and those acquisitions have resulted in substantial reorganization costs and goodwill impairment. As a result of those acquisitions, we may incur additional goodwill impairment in the future which may adversely affect our financial condition and results of operations. We may continually and actively seek strategic opportunities for acquisitions of or investments in businesses, products, solutions, technologies, production capacity or know-how that we believe would benefit our product development, R&D capabilities, technology and sales network. We cannot guarantee that we could successfully execute our expansion and acquisition plans and complete the relevant transactions as expected. In addition, our ability to grow through acquisitions and investments depends upon our ability to identify and integrate suitable targets and to obtain necessary financing at reasonable terms. In particular, acquisitions may involve significant risks and uncertainties, including, but not limited to: (i) difficulties in integrating acquired companies, personnel or products into our business, particularly the different R&D process, quality management, production management, customer service and other business functions; (ii) delays or failures in realizing the benefits of acquisitions and investments; (iii) diversion of our management's time and attention from other business concerns; (iv) higher than anticipated costs of integration; or (v) difficulties in retaining key employees of acquired businesses. Furthermore, we may also discover deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance and liabilities in the businesses we have acquired which we did not uncover prior to such acquisitions. Consequently, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or products, or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could materially and adversely affect our business, financial condition and results of operations.

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

Our inventory primarily includes raw materials, work-in-progress and finished goods. As of December, 31, 2022 and 2023 and September 30, 2024, we had inventories of RMB7,436.5 million, RMB7,836.8 million and RMB8,616.3 million, respectively. Maintaining an optimal level of inventory is important for the success of our business. We determine our level of inventory based on experience, number of orders from customers and assessment of customer demand. We have implemented policies, under which we generally arrange production according to existing orders in order to maintain a relatively low level of inventory. Nevertheless, we cannot guarantee that such policies will continue to be extensive in managing our inventory risk.

Meanwhile, we may be exposed to inventory obsolescence and inventory shortage risks as a result of a variety of factors beyond our control, including but not limited to, changes of customer needs and the inherent uncertainty of the success of product launches. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on our profitability. We recognized inventory write-downs of RMB44.7 million, RMB99.5 million, RMB113.2 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. In addition, if we underestimate the demand for our products and solutions, we may not be able to produce a sufficient number of products and solutions to meet such unanticipated demand, which could result in delays in the delivery of our products and solutions and harm our reputation. Any of the above may materially and adversely affect our business, financial condition and results of operations. As we plan to continue to expand our offerings, we may continue to face challenges in effectively managing our inventory.

Any discontinuation, reduction or delay in payment of any government grants, tax refund or preferential tax treatments may have a material and adverse impact on our business, financial condition and results of operations.

During the Track Record Period, we benefited from certain government grants. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, we received government grants of RMB121.2 million, RMB149.7 million, RMB104.6 million and RMB146.4 million, respectively.

In addition, we and some of our subsidiaries are entitled to preferential tax treatment. See "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss — Income Tax Expenses." Preferential tax treatments granted to us by PRC governmental authorities and the governmental authorities in other jurisdictions are subject to review and may be adjusted or revoked at any time in the future. We cannot guarantee that the preferential tax treatments to which our we are currently entitled will be successfully renewed. We cannot guarantee that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net profit.

Our goodwill may be impaired, which may adversely affect our business, financial condition and results of operations.

Our goodwill amounted to RMB5,421.1 million, RMB5,547.0 million and RMB5,493.7 million as of December 31, 2022 and 2023 and September 30, 2024, respectively, which mainly relates to the Group's historical acquisitions. Goodwill is tested for impairment annually or more frequently when there is an indication of potential impairment. In evaluating the potential for impairment of goodwill, our management makes a number of assumptions, such as the continuity of our businesses, our future operating performance, business trends, and market and economic conditions. This requires us to make subjective assumptions, and there are inherent uncertainties relating to this analysis and our management's judgment in assessing the recoverability of the goodwill. If any of the assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to write-off part or all of our goodwill and record an impairment loss. We incurred substantial goodwill impairment historically, and if there are material and adverse changes in the economy, downstream customers, industries and market conditions, we may be exposed to the risk of further impairment of goodwill, which may materially and adversely affect our business, financial condition and results of operations.

If we fail to fulfill our obligations under our contracts with customers in respect of contract liabilities, our business, financial condition and results of operations may be materially and adversely affected.

As of September 30, 2024, our contract liabilities were RMB793.6 million. Our contract liabilities represent advance payments from our customers while the underlying embedded products and solutions have yet to be provided. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into operating revenue, and our customers may also require us to refund the purchase price we have received, which may adversely affect our cash flows and liquidity condition, our ability to meet our working capital requirements, our business, financial condition and results of operations. In addition, if we fail to fulfill our obligations under our contracts with customers, our relationship with such customers may materially and adversely affected, which may also affect our business, financial condition and results of operations in the future.

We operate the Employee Incentive Scheme which may lead to share-based payments that may affect our profitability and financial condition and dilute shareholders' interest.

We have adopted the Employee Incentive Scheme to provide incentives and rewards to eligible employees and Directors. We recorded share-based payments of RMB38.4 million, RMB33.9 million, RMB33.5 million and RMB18.9 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively. Share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value at the date of grant was valued by our Directors' reference to valuation reports compiled by an independent qualified professional valuer. Any additional shares issued in the future to implement new employee share incentive plans may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per share. Therefore, any significant share-based payments may result in a material and adverse impact on our financial condition.

We may need to raise additional capital from time to time to finance our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this [**REDACTED**], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

In addition, we may obtain bank loans with financial covenants that include certain restriction upon our operations, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure by us to comply with or violate such covenants may constitute an event of default on our loans. Our default under any one of our loan agreements may result in a cross-default under other loan agreements. In such case, the lending banks may declare an event of default and demand immediate repayment of all outstanding loans and other sums payable under such loan agreements. If any one of these events were to occur, our ability to satisfy debt obligations, our business, financial condition and results of operations may be materially and adversely affected.

We incurred substantial indebtedness to finance certain acquisitions, which may place restrictions on our business and adversely affect our financial conditions.

In 2018, we acquired the core businesses and assets of Takata (excluding phase-stabilized ammonium nitrate (PSAN) airbag inflators business). To finance this acquisition, we entered into certain syndicated loans, which were refinanced in 2021. These loans were secured by the pledge of substantial assets of Joyson Safety Systems, our subsidiaries primarily engaged in automotive safety business and constitute a substantial portion of the Group's assets. See note 24 to the Accountants' Report in Appendix I to this document. As of December 31, 2022 and 2023 and September 30, 2024, the outstanding balance of these syndicated loans was RMB6,970.9 million, RMB7,025.4 million and RMB6,935.1 million. See "Financial Information — Indebtedness — Loans and Borrowings."

These loans may have the effect, among others, of reducing our flexibility to respond to changing business and economic conditions, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness and making us more vulnerable to general adverse economic and industry conditions. The increased indebtedness will also increase borrowing costs and the covenants pertaining thereto may also limit our ability to obtain additional financing to fund working capital, capital expenditures, additional acquisitions, business development efforts or general corporate requirements. We may also need to dedicate a larger portion of our cash flow from operations to payments on indebtedness, thereby reducing the availability of our cash flow for other purposes, including working capital, capital expenditures and general corporate purposes. We may also need to refinance or renew certain amount of the loan upon its expiration. If we are unable to timely refinance or renew such amount at acceptable terms, or at all, our liquidity may be materially and adversely affected. In particular, the covenants and conditions of these loans may restrict our ability to dispose of, or otherwise utilize, the pledged assets. Upon an event of default, the lenders may be entitled to foreclose upon our assets pledged as collateral. Any of these events may cause material and adverse impact on our business operations and financial conditions.

Our indebtedness and large repayment sums may materially and adversely affect our liquidity and ability to respond to adverse economic and industry conditions.

Historically, we have generally relied on cash generated from operations together with available credit facilities and bank borrowings to fund our operations and expansion, and expect to continue in the future. As of December 31, 2022 and 2023 and September 30 and November 30, 2024, the aggregate balance of our loans and borrowings was RMB19,436.8 million, RMB19,598.5 million, RMB22,449.1 million and RMB22,102.5 million, respectively. See "Financial Information — Indebtedness — Loans and Borrowings" and note 24 to the Accountants' Report in Appendix I to this document. Our interest on loans and borrowings amounted to RMB919.3 million, RMB1,131.0 million, RMB864.0 million and RMB866.9 million in 2022, 2023, the nine months ended September 30, 2023 and 2024, respectively. See "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss — Finance Costs."

As of September 30, 2024, a substantial portion of our loans and borrowings were floating-rate loans. Due to our reliance on these borrowings, we are exposed to interest rate risk resulting from fluctuations of major benchmark rates world-wide.

Our ability to meet our debt obligations largely depends on our operating performance and the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to refinance any of our indebtedness on commercially reasonable terms, or at all. If we encounter difficulties in generating sufficient cash to repay our outstanding indebtedness, our liquidity, business, results of operations and financial condition may be materially and adversely affected, and we may not be able to expand our business. We may be forced to sell assets, issue additional capital reduce or delay capital expenditures, strategic acquisitions and investments, or seek to restructure or refinance our indebtedness, which may not be successful or provide sufficient remedial measures, could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business.

We may face substantial financial and operational risks if our business environment or the relevant interest or exchange rates change, or if our cash flows and capital resources are insufficient to fund our debt service obligations. Failure to service our debt could result in the imposition of penalties, including increases in interest rates that we pay on our debt and legal actions against us by our creditors, or even bankruptcy.

We may not be able to adequately protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

We have in place a suite of measures to protect our intellectual property rights. However, we cannot guarantee that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual property, unfair competition, defamation or other violations of our rights by our users, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would likely be time-consuming and expensive to resolve and would divert our management's time and attention regardless of its outcome, materially and adversely affecting our business, financial condition and results of operations.

Our measures to enforce or defend our intellectual property rights may not always be successful. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and results of operations.

We may infringe intellectual property rights of third parties, which can lead us to time-consuming and costly intellectual property infringement claims.

We have in place a suite of measures to ensure our integrity in intellectual property and minimize the risks of infringing infringe intellectual property rights of third parties. However, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may also, from time to time in the future, be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our solutions, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert our management's time and other resources from our business and operations to defend these claims, regardless of their merits.

In addition, the application and interpretation of the laws relating to intellectual property, the procedures and the standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in certain of the jurisdictions we operate in are still evolving, and we cannot guarantee that the courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business.

Our leased properties in China are mainly used for manufacturing, business, and office purposes. However, there can be no assurance that we would be able to renew the relevant lease agreements at reasonable cost, or at all; if we fail to do so, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, or we may not be able to find suitable alternatives in a timely manner, or at all, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of September 30, 2024, we had not completed lease registration for certain leased properties in PRC. As advised by our PRC Legal Advisor, failure to register such lease agreements as required by the relevant competent authorities may subject us to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. If we are challenged by third parties or government authorities in connection with our use of the foregoing leased properties, we may be subject to fines and may be forced to relocate, as the case may be, and, as a result, our business, results of operations and financial condition may be adversely affected. Furthermore, if we are not able to find a suitable location on commercially reasonable terms or in a timely manner or at all, our operations may be interrupted.

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

We are susceptible to claims, controversies, fines and various legal and administrative proceedings; for example, those stemming from historical acquisitions may lead to legal assertions against us. Additionally, we may become involved in legal proceedings where our products or solutions are used in automotives, even when we are not the primary focus of such proceedings. Claims arising out of actual or alleged violations of law, breach of contract, torts or liability allocation with predecessor companies or other third parties could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings, and could take the form of either individual action or class action. In addition, the result of such legal and regulatory proceedings cannot be predicted with certainty, and ongoing or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources, thereby disrupting our business operations and adversely impacting our financial conditions. For some matters, such as class actions, insurance may not be cost-effectively available. Regardless of the merit of the particular claim, legal and administrative proceedings may be expensive, time-consuming or disruptive to our operations and distracting to management. Such proceedings could also lead to adverse publicity and have a negative impact on our reputation and brand image. In recognition of these considerations, we may enter into agreements to settle litigation and resolve such disputes. We cannot guarantee that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our expenses. New legal or administrative proceedings and claims may arise in the future, which may cause us to incur defense costs, and our business, financial condition and results of operations could be materially and adversely affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

Our employees and business partners may engage in intentional or negligent misconduct, or violate our internal policies and laws, which could impair the quality of our service, cause us to lose customers or subject us to liabilities.

We risk compromising the quality of our products and solutions if our employees and business partners do not perform in accordance with our standards. We have internal policies and guidelines to monitor and ensure the products delivered to our customers are of satisfactory standard. In addition, we have adopted and strictly implemented a series of procedures designed to verify the integrity and qualifications of our employees before they are engaged, and of partners prior to any cooperation. Nevertheless, we cannot guarantee that our employees and business partners will not engage in any intentional or negligent misconduct.

Furthermore, we may be exposed to the risks of fraud or other unlawful activities committed by our employees and business partners. Fraud or other unlawful activities by our employees and business partners may include making unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive customer information and engaging in bribery or other unlawful payments. In any such event, we could incur liability to our customers or any other third parties.

Any claims could subject us to costly litigation and affect our business, financial condition and results of operations, and may distract the attention of our management regardless of whether the claims have merit. Any claims could result in complaints from our customers or other third parties, regulatory or legal liabilities or damages to our reputation.

Our performance depends on favorable labor relations with our employees, and any deterioration in labor relations, shortage of labor or material increase in wages may have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. As of September 30, 2024, we had 42,590 full-time employees. See "Business — Employees." We have not experienced any material work stoppages or strikes in the past. However, we cannot guarantee that any of such events will not arise in the future. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our business, financial condition and results of operations. We regard favorable labor relations as a significant factor that can affect our performance. We have employees across our global network, and are subject to varied laws and regulations in different countries. We may, from time to time, be involved in labor disputes, experience labor shortage, face difficulties with localized management of employees, and may make adjustments including for example retrenchment plans to our labor force in line with our business needs. These challenges may lead to difficulties with implementing adjustments, including for example, issues not resolved within a reasonable period of time after negotiations between parties. In addition, we may incur compensation and other costs that, if not sufficiently covered by insurance, we would need to bear at our own expense. As certain of our employees are represented by labor unions, any deterioration in our labor relations with employees or the labor union could cause labor disputes, which could result in the disruption of production and operations. There is no guarantee that we will always be able to maintain stable and quality labor force at favorable costs. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and interventions related to a workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputations. Any deterioration in our labor relations could result in the disruption of production and operations, and may subject us to legal proceedings, as well as monetary and reputational damages.

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations, and our Company and certain of our subsidiaries engaged third-party human resource agencies to pay social insurance and housing provident funds for some of our employees. As a result, we may be required to make additional contributions to social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the shortfall. In view of the above, we believe the likelihood that we would be required by relevant authorities to pay any shortfall for social insurance and housing provident fund contribution or become subject to material administrative penalties by relevant authorities is remote. We cannot assure you that we will not be subject to any order to rectify this in the future, nor can we assure you that there are no, or will not be any, relevant employee complaints against us. Any such order may adversely affect our business, financial condition, results of operations.

In 2022 and 2023 and the nine months ended September 2023 and 2024, our total employee compensation (including staff costs under cost of sales, selling and marketing expenses, administrative expenses and research and development costs) amounted to RMB8,778.0 million, RMB10,054.9 million, RMB7,260.3 million and RMB7,859.7 million, respectively, representing 17.6%, 18.0%, 17.6% and 19.1% of our total revenue for the same periods, respectively. In addition, labor costs in regions where we operate have been increasing in recent years and may potentially continue increasing. As such, we may have to increase our total compensation to attract and retain the experienced professionals required to achieve our business objectives. However, these increased costs might not be able to be passed onto customers by increasing our products and solutions' selling prices in light of market competition. In such circumstances, our profit margin may decrease, which could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, investment restrictions, and our business, financial condition and results of operations could be adversely affected.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries. For example, we may be materially and adversely affected by sanctions and export controls, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs, and political instability. Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future. Sales of our products and services in certain countries and sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations. For example, certain foreign jurisdictions may impose investment restrictions, economic sanctions and trade restrictions directly or indirectly affecting China-based technology companies, due to the source of their products, ownership of businesses or other reasons. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of 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 burdensome or costly to comply with and may materially and adversely affect us, business partners and our key suppliers' and customers' abilities to obtain technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations, and may affect our sales or the sales of our customers to certain foreign markets. We have an extensive global operation network, and there is no guarantee that we will continue to be able to operate in existing geographic markets or enter into new markets given the investment restrictions, economic sanctions and trade restrictions that may be promulgated from time to time. In addition, our suppliers, customers and other business counterparties, either in China or overseas, may be subject to sanctions or other restrictions themselves. If we are unable to effectively and timely identify high-risk counterparties and adopt compliance measures accordingly, we may be subject to the risks of investigations, penalties or reputational damage.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, our global operations covered 25 countries and regions. See "Business — Intra-group Transactions." We could face material and adverse tax consequences if the relevant tax authorities determine that the certain intra-group transactions of us do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

We are subject to environmental, fire control and health and safety directives, laws and regulations.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including, but not limited to, the treatment and discharge of pollutants into the environment during our business operations. In addition, our production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, fire control and health and safety have examined and approved the relevant facilities in China or other jurisdictions. We may not be fully compliant with these requirements and may experience several isolated immaterial incidents, and we cannot guarantee that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products and solutions in line with our plans. As requirements imposed by such laws and regulations may change and more stringent laws or regulations adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business, financial condition and results of operations. Other adverse effects could result from such liability, including reputational damage.

Certain equity interests of our Controlling Shareholder, Joyson Group, are charged as security interests, pursuant to certain facility agreements.

As of the Latest Practicable Date, Joyson Group, our Controlling Shareholder, had pledged 23.46% of its equity interests in favor of certain PRC commercial banks as security for the *bona fide* commercial loans borrowed by Joyson Group (the "**Loan Facilities**"). See "Substantial Shareholders." Events of default under the Loan Facilities include, among others, non-repayment, misrepresentation and breach of certain covenants. If an event of default occurs under the Loan Facilities, the lenders may be able to enforce their rights against our Controlling Shareholder, including enforcing their rights against all of the pledged Shares in our Company under the Loan Facilities and the related security documents through legal proceedings. In such event, Joyson Group may no longer be able to maintain the current level of interest in our Company, which could adversely affect its influence over us.

If we fail to maintain effective internal controls, our business, financial condition and results of operations could be materially and adversely affected.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, IT system, human resources and internal control management. However, due to the inherent limitations in the design and implementation of our risk management system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place. Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected. Our risk management also depends on effective implementation by our employees. We cannot guarantee that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

In addition, our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors, information lapses or production breakdown that affect our business. If we are not successful in identifying and overcoming weaknesses in our internal controls, our business, financial condition and results of operations could be materially and adversely affected.

Our business operates under various permits, licenses, approvals and/or qualifications and the loss of or failure to obtain or renew any or all of these permits, licenses, approvals and/or qualifications may materially and adversely affect our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Approvals and Permits." Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. Furthermore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot guarantee that we will always be able to maintain or obtain all requisite approvals, licenses, permits and certifications in a timely manner.

In addition, in the event that we are required to renew our certain existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. Furthermore, due to the evolving interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses, permits, qualifications, registrations or filings we hold may be deemed insufficient by the competent government authorities. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, and we may be subject to fines or penalties from local authorities, which could materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may be inadequate to protect us from the liabilities we may incur or cover all of our potential costs.

We believe we maintain insurance policies in line with industry standards. See "Business — Insurance." Nevertheless, the insurance coverage for our products and solutions and business operations is limited. For example, we do not maintain insurance policies covering damages to our information technology systems. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our business, financial condition and results of operations. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our business, financial condition and results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there can be no assurance that we will be able to successfully claim losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Failure or disruption of our information technology systems may adversely affect our business, financial condition and results of operations.

We have implemented various information technology systems to cover key areas of our operations. We rely on our information technology systems for the timely delivery of our products and solutions to customers.

However, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyze work in progress and sales, process financial information, meet business objectives based on information technology initiatives such as product life cycle management, manage our creditors, debtors and hedging positions, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition and results of operations.

Furthermore, the unavailability of, or failure to retain, well-trained employees capable of constantly servicing our information technology systems may lead to inefficiency or disruption of information technology systems, thereby adversely affecting our ability to operate efficiently. We also intend to continually enhance use of information technology in our business and operations. Our information technology initiatives may not materialize in a timely manner or at all. In the event of our failure to achieve the desired benefits from our information technology initiatives, which can incur substantial cost and resources, our business, financial condition and results of operations may be materially and adversely affected.

Security breaches and other disruptions of our systems, infrastructure, integrated software and related data, or those of third parties we partner with, could endanger the trust of our customers and materially and adversely affect our business, financial condition and results of operations.

Our products and solutions contain complex information technology. We have designed, implemented, and tested security measures intended to prevent unauthorized access to these systems. See "Business — Data Privacy and Security." However, our systems, infrastructure, integrated software and related data may be vulnerable to security breaches. Hackers may attempt in the future to gain unauthorized access to modify, alter, and use such systems to gain control of, or to change, the functionality, user interface and performance characteristics of vehicles incorporating our products and solutions, or to gain access to data stored in or generated by the vehicle. Unauthorized third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems.

In addition, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with our customers and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, wars or outbreaks of contagious diseases may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, wars or outbreaks, epidemics or pandemics of contagious diseases, including COVID-19, monkeypox, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. Outbreaks, epidemics or pandemics of contagious diseases could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business, financial condition and results of operations. Moreover, there have been natural disasters such as earthquakes, floods and droughts in the past few years around the globe. Any future occurrence of severe natural disasters in the PRC or other jurisdictions where we operate may materially and adversely affect regional and global economy and therefore our business.

We are also vulnerable to natural disasters, wars and other calamities because our production facilities, warehouses, stores and information systems are susceptible to damage or disruption from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks, or similar events. Any of the foregoing events may give rise to interruptions, damage to our property, delays in production, breakdowns, system failures, technology platform failures, or internet failures, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the country where we operate could affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the country where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. The automotive industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors may have material and adverse effect on our business, financial condition and results of operations.

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

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated 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 "**Filing Rules**") and their implementation guidelines. The Filing Rules, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. See "Regulatory Overview — Regulations on Securities and Overseas Listings." We are required to file with the CSRC in accordance with the Filing Rules after our application for the [**REDACTED**] is submitted, and there is uncertainty as to whether we will be able to complete the filing procedures or obtain approval for this [**REDACTED**] in a timely manner or at all. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. In addition, such failure may restrict our ability to complete the proposed [**REDACTED**] and to finance the development of our business and may have a material and adverse effect on our business, financial condition and results of operations.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with Archives Rules may materially and adversely affect our business, financial condition and results of operations.

We are closely monitoring how they will affect our operations and our future financing. In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or explanations imposing further requirements that we obtain their approvals or complete the required filing or other regulatory procedures for this [**REDACTED**] or future capital raising activities, there can be no assurance that we will be able to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any unforeseen situations or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, financial condition, results of operations and the [**REDACTED**] of our Shares.

The CSRC or other PRC regulatory authorities also may take actions requiring us or making it advisable for us, to halt this [**REDACTED**] or future capital raising activities before settlement and delivery of the [**REDACTED**] hereby. Consequently, if you engage in [**REDACTED**] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and some of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management resides within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult. As a result, it may be difficult and time-consuming to effect service of process upon our Directors, Supervisors and senior management outside the PRC. In addition, investors may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the

[**REDACTED**] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

We are subject to the currency exchange regulatory system.

As we operate our business globally, we are subject to risks associated with foreign currency exchange fluctuations. Similar to many other jurisdictions that have foreign exchange control, PRC government imposes supervision on the convertibility of RMB into foreign currencies. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the 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, approval from or registration with competent government authorities by complying with certain procedural requirements is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. However, the PRC government may restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders and these limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures. Further, we cannot guarantee that new regulations will not be promulgated by Chinese or foreign authorities in the future that would have the effect of further restricting the remittance of RMB into or out of China.

We are a mainland China enterprise and we are subject to mainland China tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises, which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a mainland China withholding tax at a rate of 20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to individual income tax of mainland China at the withholding tax rate of 10%, depending on whether there are any applicable tax treaties between the PRC and the jurisdictions in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of mainland China and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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》) (Cai Shui [2010] No. 70). On December 27, 2024, the MOF, the SAT and the CSRC jointly issued the Announcement on the Further Improvement of the Administration of Individual Income Tax on the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which was effective on the date of issuance, and any inconsistency with the Announcement shall be in accordance with the Announcement. The aforesaid provision has not expressly provided that individual income tax shall be collected from non-mainland China resident individuals on the sale of shares of mainland China resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your [**REDACTED**] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available, or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions. The characteristics of the A share and H share markets may differ. Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [**REDACTED**] on the Stock Exchange. Under current laws and regulations of mainland China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

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

There was no public market for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, which may not be indicative 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 may be materially and adversely affected.

The liquidity, trading volume and market price of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to you.

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, Mainland China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of Mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Mainland China-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

Our historical dividends may not be indicative of our dividend policy in the future. We cannot guarantee when and in what form dividends will be paid on our Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot guarantee that we will make/can make dividend payments on our Shares in the future. See "Financial Information — Dividends and Dividend Policy." If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline products and solutions, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [**REDACTED**] in our Shares as a source for any future dividend income. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future financial condition and cash flow, our capital requirements and surplus, the number of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

[REDACTED] decisions in our H Shares should not be based on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange, which were prepared based on regulatory requirements.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By [**REDACTED**] our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

Certain facts, forecasts and other statistics contained in this results of operations are derived from a third-party report and publicly available official sources.

Certain facts, forecasts and statistics in this results of operations relating to the PRC and global economy and the industry in which we operate are obtained from official government publications or publicly available sources that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Joint Sponsors or any other party involved in the [**REDACTED**] and no representation is given as to its accuracy or completeness. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practice and other problems, the statistics in this results of operations relating to the PRC and the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

You should read the entire results of operations carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in our results of operations. Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**]. Our Directors would like to emphasize to [**REDACTED**] that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to invest in our H Shares, [**REDACTED**] should rely only on the financial, operational and other information included in our results of operations.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Given that (i) our headquarters is based in the PRC; (ii) the substantial portion of the business operations of our Group are managed and conducted outside Hong Kong; and (iii) our executive Directors and senior management principally reside in the PRC where our Group is headquartered, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the sole purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Therefore, 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 Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions:

(a) we have appointed Ms. LI Junyu (李俊彧) and Ms. YU Wing Sze (余詠詩) as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon request of the Stock Exchange;

(b) to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number and email address (as applicable)). In the event that any of our Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the independent non-executive Directors) promptly at all times if and when the Stock Exchange wishes to contact our Directors. 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 after requested by the Stock Exchange; and

(c) we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") in compliance 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 our Company with the Stock Exchange during the period from the [**REDACTED**] to 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 immediately after the [**REDACTED**]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO 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. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Yu Chaohui (俞朝輝) as one of our joint company secretaries. Mr. Yu Chaohui joined the Group in May 2012 and currently holds the position of Board secretary of the Company. Mr. Yu Chaohui is responsible for information disclosure, investor relation and other Board-related matters of our Company. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Yu Chaohui, who is a member of the senior management of our Company and is familiar with our Group's internal operation and management and has substantial experience in board and corporate management matters, to act as our joint company secretary. Mr. Yu Chaohui presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Yu Wing Sze (余詠詩), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rule 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries. Ms. Yu Wing Sze will assist Mr. Yu Chaohui for an initial period of three years from the [**REDACTED**], enabling Mr. Yu Chaohui to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See "Directors, Supervisors and Senior Management" in this document for further biographical details of Mr. Yu Chaohui and Ms. Yu Wing Sze. The following arrangements have been, or will be, put in place to assist Mr. Yu Chaohui in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(a) Mr. Yu Chaohui will endeavor to attend relevant training courses that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

(b) Both Mr. Yu Chaohui and Ms. Yu Wing Sze have confirmed that each of them will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules.

(c) Ms. Yu Wing Sze will assist Mr. Yu Chaohui to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company.

(d) Ms. Yu Wing Sze will communicate regularly with Mr. Yu Chaohui on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Yu Wing Sze will work closely with Mr. Yu Chaohui to jointly discharge the duties and responsibilities as a company secretary, including organizing our Company's Board meetings and Shareholders' meetings.

(e) Prior to the expiry of Mr. Yu Chaohui's initial term of appointment as the company secretary of our Company, we will re-evaluate his experience to determine if he has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Yu Chaohui's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules.

(f) The Company has appointed Somerley Capital Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Mr. Yu Chaohui) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Mr. Yu Chaohui is no longer assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we shall demonstrate to the Stock Exchange's satisfaction and seek its confirmation that Mr. Yu Chaohui, having had the benefit of Ms. Yu Wing Sze's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document. As of the Latest Practicable Date, we have over 100 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to investors. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential investors.

We have identified 21 subsidiaries (collectively, the "**Major Subsidiaries**" and each a "**Major Subsidiary**") that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. See "History, Development and Corporate Structure — Our Major Subsidiaries." By way of illustration, after intercompany eliminations, (i) as of December 31, 2022, 2023 and September 30, 2024, the aggregate assets of the Company and its Major Subsidiaries represent approximately 75%, 76% and 78% of our total assets (excluding goodwill), respectively; (ii) for each of the financial years/period ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the aggregate revenue of the Company and its Major Subsidiaries represents approximately 82%, 82% and 83% of our total revenue, respectively; and (iii) the aggregate profit before tax of the Company and its Major Subsidiaries represent approximately 227%, 92% and 91% of our total profit before tax for each of the financial years/period ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, respectively.

None of the non-Major Subsidiaries is individually material to us in terms of its contribution to our Group's total assets, total revenue or total profit before tax, or holds any major assets (save for equity investments of the Group). Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed within two years immediately preceding the date of this document the particulars of the changes in the share capital of our Company and the Major Subsidiaries in "Statutory and General Information — Further Information About Our Company and Our Subsidiaries — Changes in Share Capital of Our Company" and "Statutory and General Information — Further Information About Our Company and Our Subsidiaries — Changes in the Share Capital of Our Major Subsidiaries" in Appendix VI to this document.

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

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the [**REDACTED**] which will constitute non-exempt continuing connected transactions under Chapter 14A of Listing Rules. We have applied for, and the Stock Exchange [has granted] us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions (Subject to Reporting, Annual Review and Announcement Requirements)."

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

For further information on our Directors and Supervisors, see "Directors, Supervisors and Senior Management" of this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. WANG Jianfeng (王劍峰)	Building 17, Fanjing Garden No. 288 Yucai Road Jiangbei District, Ningbo City Zhejiang Province PRC	Chinese
Mr. CHEN Wei (陳偉)	No. 159, Seasons Villas Lane 1983, Huamu Road Pudong New District Shanghai PRC	Chinese
Ms. LI Junyu (李俊彧)	Suite 202, No. 53 Cuiwei New City Hanyang District, Wuhan City Hubei Province PRC	Chinese
Mr. CAI Zhengxin (蔡正欣)	Suite 202, No. 29 Lane 84, Guangyuan West Road Xuhui District Shanghai PRC	Chinese
Non-executive Directors		
Mr. ZHU Xuesong (朱雪松)	Suite 101 No. 109, Huaxiu Lane Jiangdong District, Ningbo City Zhejiang Province PRC	Chinese
Mr. ZHOU Xingyou (周興宥)	No. 187, Donghu Guandi No. 188, Yinxian Avenue Yinzhou District, Ningbo City Zhejiang Province PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Prof. WEI Xuezhe (魏學哲)	No. 6 Lane 59, Chifeng Road Yangpu District Shanghai PRC	Chinese
Prof. LU Guihua (魯桂華)	Building 102 Courtyard 16, Hongluo Road Huairou District Beijing PRC	Chinese
Prof. YU Fang (余方)	Room 702, No. 15 Lane 1299, Dingxiang Road Pudong New District Shanghai PRC	Chinese
Ms. XI Xuanhua (席絢樺)	50B, Serenade Block 2 11 Tai Hang Road Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. WANG Yude (王玉德)	Suite 1902, Building 7 Baolong Plaza High tech District, Ningbo City Zhejiang Province PRC	Chinese
Mr. GUO Feier (郭費兒)	Suite 2902, No. 219 Jiangnan Yipin High tech District, Ningbo City Zhejiang Province PRC	Chinese
Ms. LIU Jinlin (劉金琳)	Suite 402, No. 22, Building 8 Jiuzhu Li, Mingzhu Road Xinming Street Yinzhou District, Ningbo City Zhejiang Province PRC	Chinese

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 **UBS Securities Hong Kong Limited** 52/F Two International Finance Centre 8 Finance Street Central Hong Kong (In alphabetical order)

[**REDACTED**]

[**REDACTED**]

[REDACTED]

Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong and United States laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 10/F, Tower 1, Jing An Kerry Centre 1515 West Nanjing Road Shanghai PRC *As to PRC data compliance law:* **Jincheng Tongda & Neal Law Firm** 21/F, Jinmao Tower No. 88 Century Avenue Pu Dong New Area Shanghai PRC
Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong and United States laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Hong Kong

	As to PRC law: **JunHe LLP** 26/F, HKRI Centre 1 HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai PRC
Industry Consultant	**Frost & Sullivan (Beijing) Inc.** **Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central, Hong Kong

[**REDACTED**]

Registered Office	No. 99 Qingyi Road High tech District Ningbo, Zhejiang Province PRC
Headquarters and Principal Place of Business in the PRC	No. 99 Qingyi Road High tech District Ningbo, Zhejiang Province PRC
Principal Place of Business in Hong Kong	31/F, Tower 2 Times Square, 1 Matheson Street Causeway Bay Hong Kong
Company's Website	https://www.joyson.com/ (The information contained in this website does not form part of this document)
Joint Company Secretaries	**Mr. YU Chaohui (俞朝輝)** No. 99 Qingyi Road High tech District Ningbo, Zhejiang Province PRC **Ms. YU Wing Sze (余詠詩)** *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower 2 Times Square, 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Ms. LI Junyu (李俊彧)** Suite 202, No. 53 Cuiwei New City Hanyang District, Wuhan City Hubei Province PRC

	Ms. YU Wing Sze (余詠詩) 31/F, Tower 2 Times Square, 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Prof. LU Guihua *(Chairperson)* Mr. ZHOU Xingyou Prof. YU Fang
Nomination, Remuneration and Appraisal Committee	Prof. WEI Xuezhe *(Chairperson)* Ms. LI Junyu Prof. LU Guihua
Strategy and ESG Committee	Mr. WANG Jianfeng *(Chairperson)* Mr. ZHU Xuesong Ms. LI Junyu Mr. CHEN Wei Mr. CAI Zhengxin Prof. WEI Xuezhe Prof. YU Fang

[**REDACTED**]

Principal Banks	**China Merchants Bank** **Ningbo Branch** No. 342 Heji Street Yinzhou District Ningbo, Zhejiang Province PRC
	Bank of China **Ningbo Branch** No. 255 Dingtai Road Yinzhou District Ningbo, Zhejiang Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors,* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global automotive electronics and automotive safety industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB460,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and mainland China is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

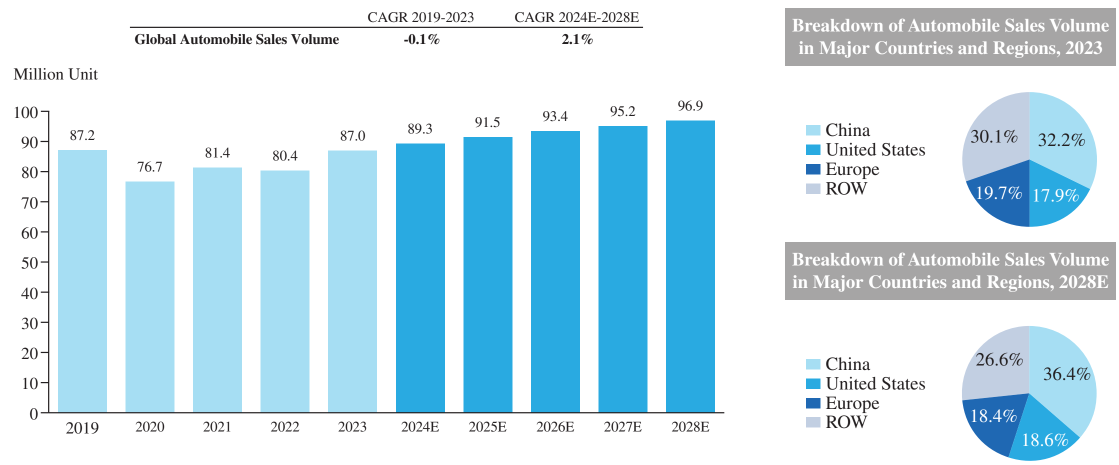
PART ONE: OVERVIEW OF GLOBAL AUTOMOTIVE INDUSTRY

GLOBAL AUTOMOTIVE INDUSTRY IS SHIFTING TOWARDS A SMARTER, SAFER AND GREENER FUTURE

Mature Global Automotive Industry with Revolution Led by Chinese Market

The automotive industry has entered its maturity phase after decades of development. In 2023, global automobile sales volume reached 87.0 million units, with China accounting for 32.2% of global sales, making it the largest automotive market worldwide, followed by Europe and the United States. With the ongoing trends in electrification and the increasing integration of advanced technologies, the automotive industry is currently undergoing a significant transformation. Advancement in vehicle intelligence technologies is leading the automotive industry to the "third living space" vision. According to Frost & Sullivan, global automobile sales volume is expected to reach 96.9 million units by 2028, with a CAGR of approximately 2.1% from 2024. Driven by advancements in electrification technology and a large domestic market, it is projected that, China will continue to hold the first position in global automobile sales, with a projected market share of approximately 36.4% by 2028, followed by the United States and Europe.

Market Size of Automotive Industry by Sales Volume (Global), 2019-2028E

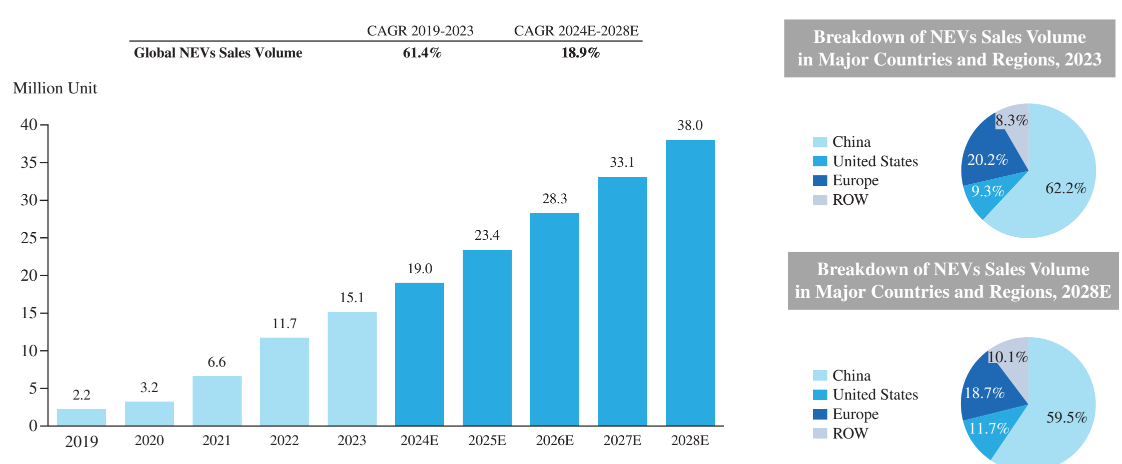


Source: Interviews with Industry Experts, China Association of Automobile Manufacturers, Frost & Sullivan

According to Frost & Sullivan, global sales volume of new energy vehicles (NEVs) increased from 2.2 million units in 2019 to 15.1 million units in 2023 at a CAGR of 61.4%. In terms of sales volume, China has the largest NEV market globally in 2023, with a total sales volume reaching 9.4 million units, accounting for 62.2% of global sales, followed by Europe and the United States. Driven by advancements in battery technology, the widespread development of charging infrastructure and growing consumer acceptance, the global NEV market is expected to see increasing market penetration in the coming years. Looking forward, global NEVs sales volume is expected to grow from 19.0 million units in 2024 to 38.0 million units in 2028, representing a CAGR of approximately 18.9%. China will still be the largest NEV market in terms of sales volume by 2028, followed by Europe and the United States.

The trend of vehicle electrification has driven the development of intelligent technologies in multiple ways. The E/E architecture of NEVs offers higher integration and scalability, supporting more electronic devices and sensors. This not only lays a solid foundation for the realization of intelligent functions but also provides a more flexible architecture and stable energy supply for the integration of automotive intelligent systems. Furthermore, electrification enhances vehicles' response speed, control precision and computing power, making intelligent decision-making processes more efficient and accurate. This further accelerates the development of automotive intelligence and improves overall performance and user experience.

Market Size of NEVs Industry by Sales Volume (Global), 2019-2028E



Source: Interviews with Industry Experts, China Association of Automobile Manufacturers, Frost & Sullivan

Market Drivers and Trends Analysis of Automotive Industry

Electrification, Intelligence and Connectivity

The automotive industry is undergoing a transformation driven by electrification, intelligence and connectivity. In 2023, the global penetration rate of NEVs reached 17.4%, fueled by expanding charging infrastructure and growing consumer demand for eco-friendly solutions. Extensive application of technologies of intelligent cockpits, intelligent driving and smart connectivity, has significantly enhanced driving convenience, safety and overall enjoyment. Intelligent cockpit technologies such as voice recognition, adaptive systems and AI-driven features, are enhancing convenience, safety and personalized experience for drivers. Connectivity, particularly through 5G-V2X technology, is enabling real-time communication among vehicles, infrastructure and pedestrians, which not only improves road safety but also accelerates intelligent driving. Meanwhile, the rapid advancement of electrification and intelligent technologies is transforming traditional auto parts. Intelligent cockpit systems are gradually replacing traditional buttons with multimodal interactions such as touchscreens, voice recognition and gesture control, while automotive safety products are integrating with intelligent driving technologies to provide proactive hazard warnings and protection. In addition, driven by ongoing technological breakthroughs, these intelligent features are expected to expand from mid-to-high-end models to a broader range of mid-to-low-end models. Together, these trends are redefining the automotive landscape, with vehicles becoming more energy-efficient, intelligent and integrated into the broader ecosystem of smart cities.

Policy-promoted Global Automotive Market

The direction and pace of change in the global automotive industry are significantly influenced by policies of various countries regarding carbon emissions and the promotion of NEVs transformation. In addition, tariff adjustments in key markets such as Europe and the United States, have directly influenced the cost structures and market strategies of multinational automobile manufacturers and other stakeholders across the value chain. The imposition of high tariffs by both Europe and the United States on Chinese NEV manufacturers has prompted these companies to expand their global presence and adopt more diversified international strategies, including developing overseas supply chains and production capacity. Meanwhile, supportive policies in emerging markets, such as Southeast Asia, through tax incentives and relaxed foreign investment regulations, have created new growth opportunities for automobile manufacturers.

Faster Iteration Speed of NEVs

The NEV market faces intense competition as manufacturers strive to increase market share. To remain competitive, they must accelerate product iteration. Meanwhile, NEVs have a clear advantage over traditional ICE vehicles in terms of research and development cycles, primarily due to greater flexibility in technological upgrades and functional iterations. This agility enables NEVs to respond more quickly to market demands and evolving consumer preferences. The integration of electrification and intelligent technologies allows intelligent electric vehicles to make continuous advancements in areas such as driving range, charging efficiency, intelligent driving capabilities and human-machine interaction experience, driving ongoing innovation within the industry.

Increasing Proportion of Automotive Electronics in the BOM

With the continued advancement of electrification and intelligence, both the value and the number of automotive electronics categories are steadily increasing. The proportion of automotive electronics in the Bill of Materials (BOM) has grown from 33.4% in 2019 to 39.7% in 2023. Compared to ICE vehicles, NEVs have higher demands for electronic components in areas such as power management, power conversion, battery management and electric powertrains. In addition, the adoption of intelligent cockpit, intelligent driving and smart connectivity is enhancing the driving experience through advanced human-machine interaction, improved safety and personalized services. These innovations are driving demand for various automotive electronic products, significantly increasing the value contribution of automotive electronics in vehicles. Furthermore, as the computing power and functionalities of chips for intelligent cockpits, intelligent driving and smart connectivity continue to advance, the value of automotive electronics is expected to rise notably. As a result, it is projected that the proportion of automotive electronics in the BOM will further increase to approximately 46.7% in 2028.

Increasing Cost per Vehicle of Passive Safety

The increasingly stringent automotive safety regulations have led to an increase in cost per vehicle of passive safety, rising from approximately RMB1,500 in 2019 to approximately RMB1,800 in 2023. To further safeguard pedestrians and occupants, automobile manufacturers have concentrated on enhancing body structure optimization and improving the performance of passive safety products. In response to higher standards for collision safety, especially for side-impact and frontal crash tests, manufacturers have invested more in safety features such as side airbags and pre-tensioner seatbelts. As a result, cost per vehicle of these safety products has grown steadily in the overall vehicle design.

Centralizing Automotive E/E Architecture

As automotive E/E architectures shift from distributed to centralized models, domain control system has been introduced, integrating diverse functions through a more centralized architecture. For example, intelligent cockpit domain control system centralizes multiple display terminals, which were previously separate, enabling "single chip, multi-screen" (一芯多屏) and "multi-screen integration" (多屏交互). Meanwhile, with the trend toward cockpit-driving integration, the intelligent cockpit domain and the intelligent driving domain are gradually merging into a unified platform, providing users with a more cohesive and immersive in-vehicle experience. Looking ahead, with the continuous R&D of high-performance CCUs, multi-domain integration is expected to accelerate, fostering seamless interaction among various vehicle domains. Centralized E/E architectures will help achieve goals such as cost reduction, improved communication latency and optimized computing resource utilization, thereby jointly advancing vehicle intelligence and enhancing user experience.

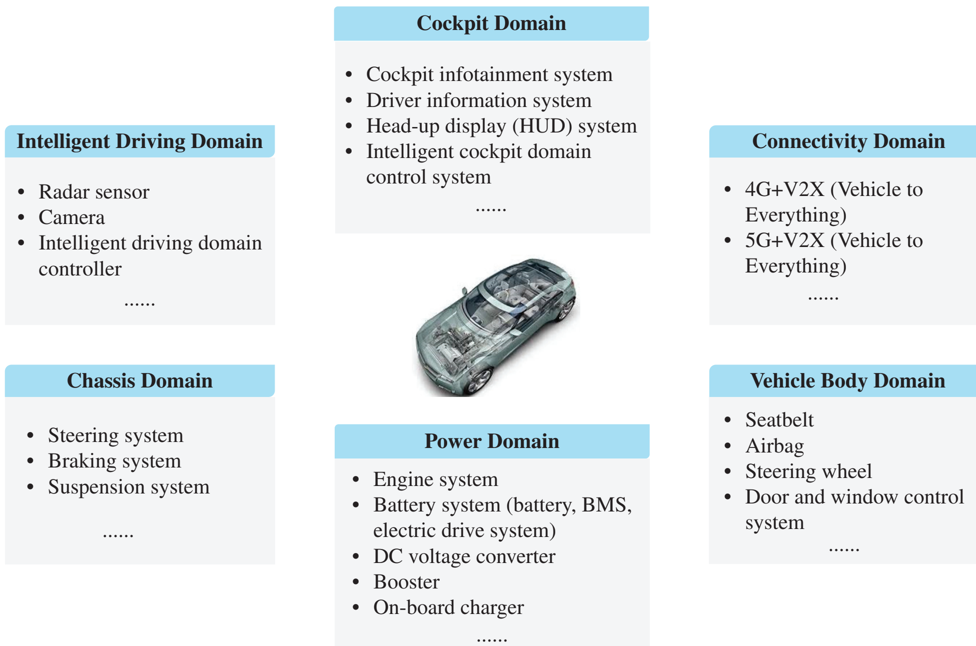
Globalization Trend

Driven by trade policies and cost advantages, Chinese automobile manufacturers are expanding overseas, transitioning from product exports to a localized "R&D, production and sales" model. Currently, Chinese auto parts suppliers hold leading expertise in areas such as intelligent cockpit, intelligent driving and smart connectivity. This leadership is underpinned by strong R&D, manufacturing and supply chain management capabilities, enabling rapid market adaptation and innovation. As a result, the overseas expansion of Chinese automobile manufacturers has facilitated the global promotion of these advanced technologies, and simultaneously, has also helping Chinese auto parts suppliers penetrate international markets. As they continue to expand their global networks, they are expected to further integrate into the supply chains of foreign automobile manufacturers, promoting the wider distribution of China's leading intelligent technologies on a global scale.

PART TWO: OVERVIEW OF GLOBAL AUTO PARTS INDUSTRY

Overview

Auto parts refer to the individual parts and systems that make up a vehicle, working together to ensure the vehicle's performance, safety and functionality. The diagram below illustrates the representative auto parts included in the major domains of a vehicle:



Source: Frost & Sullivan

The auto parts industry chain is a comprehensive system encompassing upstream raw material suppliers, midstream auto parts suppliers and downstream automobile manufacturers. Upstream raw material suppliers provide essential inputs such as metals, plastics and electronic components. Midstream primarily consists of auto parts suppliers, with intelligent automotive technology solution providers playing an increasingly crucial role by aligning with the growing demand for vehicle electrification and intelligence. Their innovations not only enhance the functionality and efficiency of automobiles but also enable seamless integration of advanced intelligent technologies. Downstream automobile manufacturers incorporate these high-tech components into final vehicle production, which accelerates technological advancements and reinforces their competitive edge in the market.

As market competition intensifies, automobile manufacturers are shifting their strategies from emphasizing full-stack capabilities to prioritizing cost and efficiency. At the same time, they are gradually delegating development and manufacturing responsibilities to auto parts suppliers, particularly for intelligent vehicles. This shift enables cost efficiency and the delivery of high-quality, customized solutions. In addition, as demand for smart, connected and electrified vehicles rises, collaboration between automobile manufacturers and auto parts suppliers will deepen, with a stronger focus on advanced technologies such as autonomous driving, AI-powered systems and integrated platforms. In response to the competitive Chinese automotive market, local suppliers with expertise in automotive intelligence have become crucial partners for both foreign and domestic automobile manufacturers, offering deep market insight and agility in meeting evolving demands. These partnerships drive intelligent transformation and capitalizing on mutual advancements by co-developing solutions tailored to China's unique needs.

Major Cooperation Models Between Automobile Manufacturers and Auto Parts Suppliers

- **Automobile Manufacturers Self-Development, Auto Parts Suppliers as Manufacturers:** Under this model, automobile manufacturers retain control over core design and technology, while auto parts suppliers take on the responsibility for manufacturing. This model allows for a more streamlined and efficient integration of technological innovation with production. Automobile manufacturers can continue to drive advancements in design and technology, while auto parts suppliers, leveraging their expertise in manufacturing, ensure the production of high-quality auto parts.
- **Collaboration Between Automobile Manufacturers and Auto Parts Suppliers:** Both parties leverage their respective strengths to advance projects together, driving technological innovation and product optimization.
- **Auto Part Suppliers Providing Comprehensive Solutions:** Auto parts suppliers not only provide products but also play an active role in the entire process, from concept design to mass manufacturing. With their professional expertise and extensive experience, auto parts suppliers deliver tailored, comprehensive solutions, such as intelligent cockpit, intelligent driving and smart connectivity solutions, that enhance the competitiveness of automotive products.

SECTION 1: OVERVIEW OF GLOBAL AUTOMOTIVE ELECTRONICS INDUSTRY

INTELLIGENCE AND CENTRALIZATION ARE PROFOUNDLY IMPACTING GLOBAL AUTOMOTIVE ELECTRONICS INDUSTRY AS AUTOMOBILE INDUSTRY EVOLVES

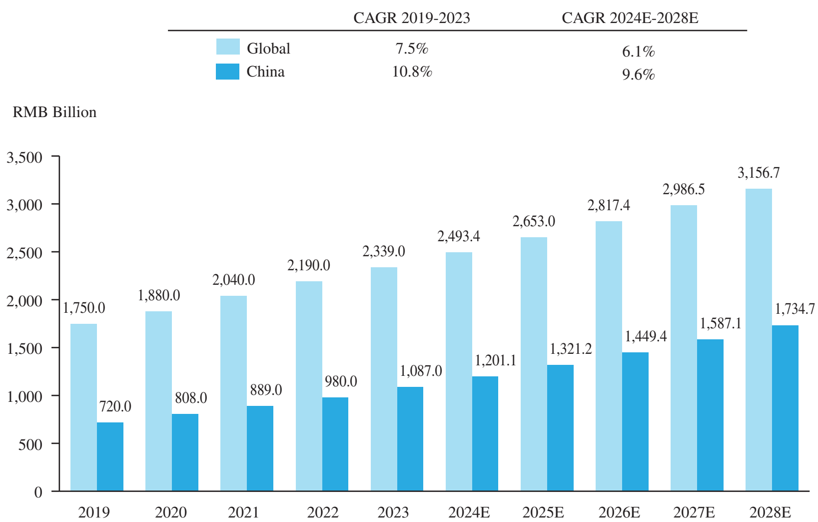
Overview

Automotive electronics are a critical component of both the automotive industry and intelligent automotive technology solutions. They play a key role in driving the comprehensive transformation toward automotive intelligence by enabling advanced technologies such as intelligent cockpit, intelligent driving and smart connectivity.

Chinese Market is Leading the Transformation of Global Automotive Electronics Industry

With continuous advancements in technologies such as artificial intelligence, cloud computing, big data, 5G communication and the Internet of Vehicles (IoV), as well as the ongoing optimization of related infrastructure, the value of automotive electronics has steadily increased. The market size of automotive electronics has shown consistently upward growth, especially with the promotion of intelligent cockpit, intelligent driving and smart connectivity solutions. In 2023, the global and Chinese automotive electronics markets reached RMB2,339.0 billion and RMB1,087.0 billion, respectively. Looking forward, the development of automotive intelligence is expected to further drive demand for automotive electronics, fueling market growth. It is expected that by 2028, the market size of global and Chinese automotive electronics industries will increase to RMB3,156.7 billion and RMB1,734.7 billion, with CAGRs of 6.1% and 9.6% from 2024 to 2028.

Market Size of Automotive Electronics by Revenue (Global and China), 2019-2028E



Source: Interviews with Industry Experts, Frost & Sullivan

Overview of Global Intelligent Cockpit Solution Industry: Intelligent Cockpit Plays a Pivotal Role in Promoting Transformation of Automobiles from Traditional Transportation to Intelligent Mobile Terminals

Definition and Classification of Intelligent Cockpit Solution

The intelligent cockpit solution refers to an integrated solution for automotive cockpits equipped with intelligent in-vehicle products and systems. It consists of hardware and software that encompass the main components of the intelligent cockpit. Through intelligent interaction between humans and the vehicle, it provides drivers and passengers with multimodal intelligent perception, interaction and an immersive digital automotive experience through its products and services.

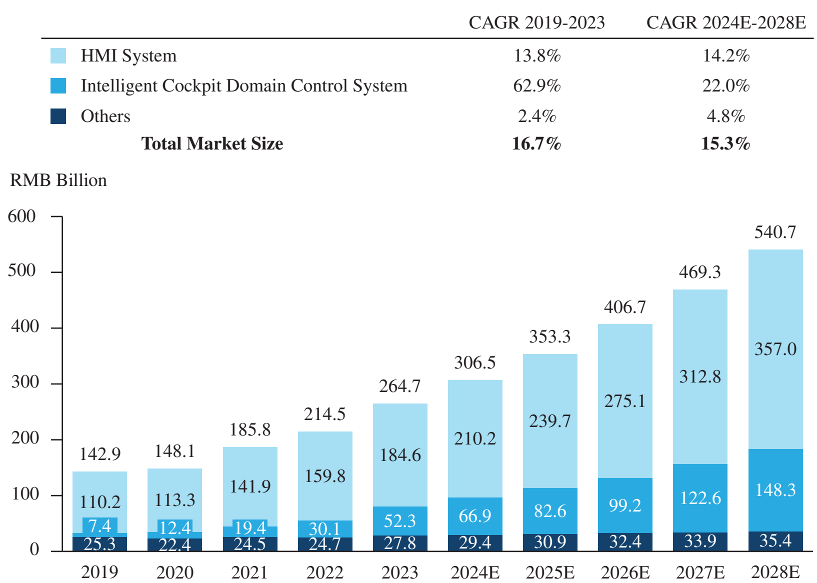
Classified by product types, the intelligent cockpit solution specifically includes intelligent cockpit domain control system, human-machine interaction (HMI) system and others. Intelligent cockpit domain control system, through a more centralized architecture, enables control of functions such as entertainment, navigation, air conditioning, seat adjustments and more, resulting in a more intuitive, efficient and responsive driving experience. HMI system provides products including cockpit infotainment system, driver information system, head-up display (HUD), streaming media rearview mirror and other relevant interior accessories. HMI system serves as an interface between users and intelligent cockpits. Other systems among the intelligent cockpit solution mainly include other cockpit electronic devices and related software.

Market Size of Intelligent Cockpit Solution Industry

Driven by technological advancements, the global cockpit industry has evolved from mechanization to the electronic and intelligent stages. For example, large-size, full-LCD dashboards have replaced traditional instrument clusters. In addition, the traditional central control screen has transformed into the cockpit infotainment system that offers multifunctionality, such as audio, video and Bluetooth. With consumers' increasing demand for cockpit entertainment and safety features, a variety of new intelligent cockpit products, such as HUDs and streaming media rearview mirrors, have emerged and are expected to gain greater market penetration in the coming years. From 2019 to 2023, the market size of global intelligent cockpit solution industry increased from RMB142.9 billion to RMB264.7 billion, representing a CAGR of 16.7%. Driven by continuous advancements in intelligent cockpit technologies, the penetration rate of these products will further increase. It is projected that the global intelligent cockpit solution industry will reach RMB540.7 billion in 2028 at a CAGR of approximately 15.3% from 2024.

The market size of global HMI system industry reached RMB184.6 billion in 2023, and is expected to increase to RMB357.0 billion in 2028, representing a CAGR of 14.2% from 2024. As vehicle E/E architecture continues to evolve, the shift from distributed to centralized "functional domain" architectures has become a key trend, which has led to the development of the intelligent cockpit domain control system. The market size of global intelligent cockpit domain control system reached RMB52.3 billion in 2023, and is expected to increase to RMB148.3 billion in 2028, representing a CAGR of 22.0% from 2024.

Market Size of Intelligent Cockpit Solution Industry by Revenue (Global), 2019-2028E



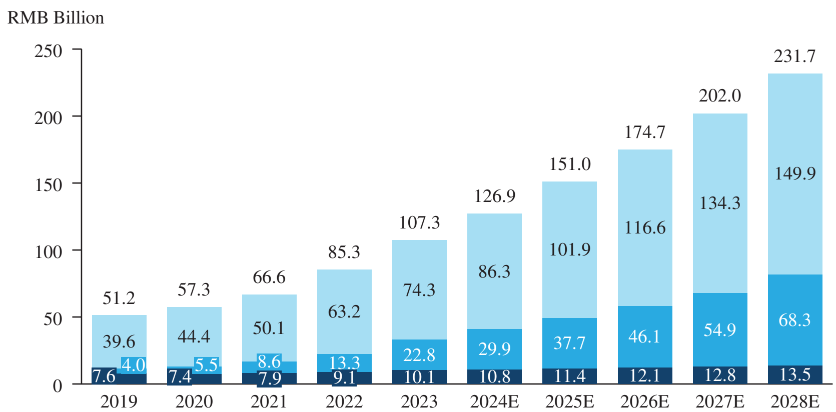
Note: The graph above refers to intelligent cockpit solutions for passenger vehicles.
Source: Interviews with Industry Experts, Frost & Sullivan

Promoted by leading intelligent cockpit technologies, the intelligent cockpit solutions industry in China has experienced rapid growth over the past few years. From 2019 to 2023, the market size of intelligent cockpit solution industry in China increased from RMB51.2 billion to RMB107.3 billion, representing a CAGR of 20.3%. According to Frost & Sullivan, it is estimated that the market size of intelligent cockpit solution industry in China will reach RMB231.7 billion by 2028, representing a CAGR of approximately 16.2% from 2024.

The market size of Chinese HMI system industry reached RMB74.3 billion in 2023, and is expected to increase to RMB149.9 billion in 2028, representing a CAGR of 14.8% from 2024. The market size of intelligent cockpit domain control system in China reached RMB22.8 billion in 2023, and is expected to increase to RMB68.3 billion in 2028, representing a CAGR of 23.0% from 2024.

Market Size of Intelligent Cockpit Solution Industry by Revenue (China), 2019-2028E

	CAGR 2019-2023	CAGR 2024E-2028E
HMI System	17.1%	14.8%
Intelligent Cockpit Domain Control System	54.5%	23.0%
Others	7.2%	5.8%
Total Market Size	**20.3%**	**16.2%**



Note: The graph above refers to intelligent cockpit solutions for passenger vehicles.
Source: Interviews with Industry Experts, Frost & Sullivan

Market Drivers and Trends of Intelligent Cockpit Solution Industry

Increasing Demands for Better Driving Experience

Consumers' desire for a higher quality of life and driving experience is accelerating the transformation of automotives from traditional transportation tools to mobile living spaces. This trend has created significant market development opportunities for intelligent cockpit solutions and related industry chains. An increasing number of consumers are inclined to choose NEVs equipped with diverse and high-performance intelligent cockpit systems, seeking the ultimate driving experience. The intelligent development of cockpits not only enhances the convenience and safety of driving but also provides passengers with a wide array of services and entertainment experience.

Upgrades of Intelligent Cockpit Products Driven by Emerging Technologies

Intelligent cockpit solution providers are enhancing the HMI experience in mobile scenarios by deeply integrating interior design, safety information, entertainment systems and data. With the acceleration of technological innovation, intelligent cockpit solutions are evolving towards multi-screen collaboration, multimodal interaction and AI proactive interaction. Specifically, multi-screen collaboration technology improves information sharing and operational convenience. Multi-modal interaction includes various methods such as voice, gesture and touch, optimizing the flexibility and intuitiveness of user experience. Meanwhile, advancements in AI proactive interaction technology, particularly in emotional recognition and response, enable intelligent cockpits to identify passengers' emotions and needs, providing more personalized and proactive services. In the future, the development of intelligent cockpits will center on user needs and experience, driven by specific scenarios to continuously meet consumers' diverse demands for intelligent mobility.

More Integrated Ecosystem

Intelligent technology is transforming vehicle cockpits by equipping them with advanced capabilities in perception, cognition, judgment and decision-making. In the evolving era of human-vehicle relationships, intelligent cockpit solution providers aim to integrate hardware and software while creating a "third space" that is intelligent, interactive, emotional and resonant. This space is designed to meet users' diverse needs for travel, work, entertainment and leisure, making the cockpit a personalized, multifunctional environment. In the future, intelligent cockpits will enable full integration into the ecosystems of smart transportation and smart cities, where vehicles become a central part of an interconnected, digital lifestyle, fostering deeper interactions between people and technology.

Competitive Landscape Analysis of Intelligent Cockpit Solution Industry

The intelligent cockpit solutions industry is relatively fragmented, and industry competition is gradually shifting from single-product competition to integrated intelligent cockpit solutions. Leveraging advantages in technology, cost, supply chain management and services, Chinese companies are progressively gaining more influence in the global intelligent cockpit solution market.

In 2023, the top five intelligent cockpit domain control system providers worldwide accounted for a total market share of 54.3%. The Company's revenue in the global intelligent cockpit domain control system industry was RMB5.4 billion, with a market share of approximately 10.3%, ranked fourth globally. In 2023, the top five intelligent cockpit domain control system providers in China accounted for a total market share of 49.1%. The Company's revenue in the intelligent cockpit domain control system industry in China was RMB2.3 billion, with a market share of approximately 10.2%, ranked second among all market participants in China.

Top Five Providers in the Intelligent Cockpit Domain Control System Industry by Revenue (Global and China), 2023

Ranking	Company	Revenue (RMB Billion)	Market Share
1	Company A	7.4	14.2%
2	Company B	5.9	11.3%
3	Company C	5.7	10.9%
4	**the Company**	**5.4**	**10.3%**
5	Company D	4.0	7.7%
	CR5	**28.4**	**54.3%**
	Total	**52.3**	

Ranking	Company	Revenue (RMB Billion)	Market Share
1	Company C	5.4	23.7%
2	**the Company**	**2.3**	**10.2%**
3	Company A	2.2	9.6%
4	Company E	0.7	3.1%
5	Company F	0.6	2.6%
	CR5	**11.2**	**49.1%**
	Total	**22.8**	

Source: Interviews with Industry Experts, Annual Reports of Listed Companies, Frost & Sullivan

Notes:

Company A: The company was founded in 2000 and is listed on the Nasdaq Stock Market, primarily engaged in digital instrument clusters, automotive displays, infotainment systems, intelligent cockpit domain control systems and other related products.

Company B: The non-listed company was founded in 1886, providing a comprehensive product portfolio encompassing infotainment systems, display and interaction systems, intelligent cockpit domain control systems and other related products.

Company C: The company was founded in 1986 and is listed on the Shenzhen Stock Exchange, with a business focus on infotainment systems, automotive displays, HUDs, driver information systems, intelligent cockpit domain control systems and other related products.

Company D: The company was founded in 1994 and is listed on the New York Stock Exchange, with a business focus on integrated vehicle cockpit displays, navigation systems, domain control systems and other related products.

Company E: The non-listed company was founded in 2018, primarily engaged in intelligent cockpit domain control systems and other related products.

Company F: The company was founded in 2017 and is listed on the Nasdaq Stock Market, with a business focus on infotainment systems, intelligent cockpit domain control systems and other related products.

Overview of Global Intelligent Driving Solution Industry: Intelligent Driving has Come to the Stage of Large-Scale Application with High-Level ADAS at Hand

Overview of Intelligent Driving Solution Industry

An intelligent driving solution is an integrated system that assists people in controlling vehicles and ultimately achieves autonomous driving. It consists of hardware and software components that cover both the perception and decision-making layers of intelligent driving systems. Classified by products, intelligent driving solution typically includes radar sensors (e.g., millimeter-wave radars, ultrasonic radars, lidars), cameras (e.g., front cameras, surround cameras), intelligent driving domain controllers and other relevant automotive electronics and supporting software.

As one of the key hardware components in an intelligent driving solution, the intelligent driving domain controller is a core control unit responsible for managing and processing the vehicle's intelligent driving functions. It integrates tasks such as vehicle perception, decision-making and execution into a single domain for centralized processing. The major functions of the intelligent driving domain controller include but are not limited to the following:

- **Perception Data Processing:** The intelligent driving domain controller receives data from various sensors such as lidars, millimeter-wave radars and cameras. It then fuses and analyzes the data to create accurate environmental awareness.
- **Decision Making and Planning:** Based on the processed perception data, the intelligent driving domain controller plans and makes decisions such as when to accelerate, decelerate, steer or stop to achieve intelligent driving functionality.
- **Control Execution:** The intelligent driving domain controller sends the decision outcomes to vehicle actuators (e.g., steering, braking) to ensure the vehicle follows the planned route safely.
- **Communication and Coordination:** The intelligent driving domain controller communicates with other domain controllers such as body control and power control units and external networks to synchronize the vehicle's operation.

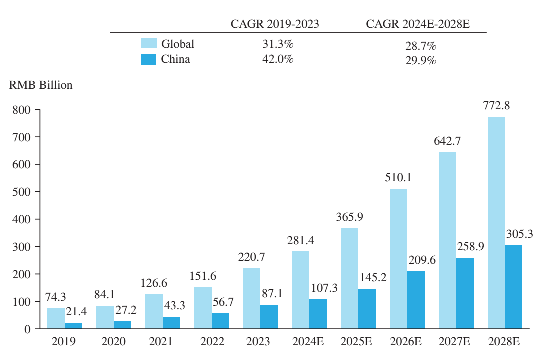
The CCU is emerging as a core technology in the intelligent driving solution industry, gaining attention for its ability to centralize control functions into a high-performance computing platform. It integrates data from multiple domains, such as intelligent driving, intelligent cockpit and body control, enhancing system coordination and responsiveness. By processing real-time sensor data, the CCU ensures safe and efficient vehicle operation in diverse environments while providing the computational power needed for intelligent driving and rapid decision-making. Additionally, the CCU enables system optimization and functionality expansion through software updates, simplifying traditional distributed ECU systems and enhancing vehicle intelligence.

Market Size of Global and Chinese Intelligent Driving Solution Industry

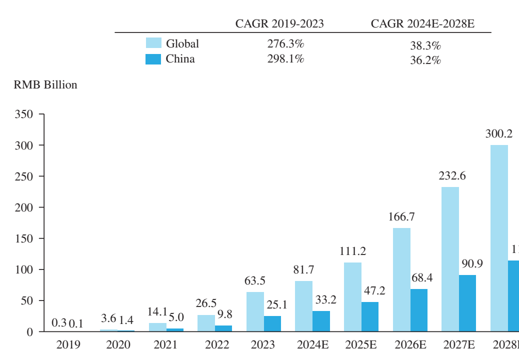
Intelligent driving solution industries in China and worldwide have grown rapidly, driven by advancements in technology, rising consumer demand for safer and more comfortable driving and supportive government policies. In 2023, the market size of intelligent driving solution industry by revenue reached RMB220.7 billion globally and RMB87.1 billion in China, and is projected to grow to RMB772.8 billion and RMB305.3 billion by 2028, with CAGRs of 28.7% and 29.9% from 2024, respectively. Intelligent driving domain controllers, as the core computational hubs for decision-making, represent the fastest-growing segment, driven by the automotive shift toward domain control and widespread adoption of intelligent driving features. The market size of intelligent driving domain controller industry reached RMB63.5 billion globally and RMB25.1 billion in China in 2023 and is expected to grow to RMB300.2 billion and RMB114.4 billion by 2028, accounting for nearly 40% of the intelligent driving solution market.

China is taking a leading position in the global intelligent driving solution market. As the largest market in the world, China is at the forefront of large-scale deployment and commercialization of intelligent driving technologies. This is driven by strong government support, extensive infrastructure and domestic competitors' focus on cost-effective solutions and cutting-edge technologies.

Market Size of Intelligent Driving Solution Industry by Revenue (Global and China), 2019-2028E



Market Size of Intelligent Driving Domain Controller Industry by Revenue (Global and China), 2019-2028E



Note: The graph above refers to intelligent driving solutions for passenger vehicles.
Source: *Interviews with Industry Experts, Frost & Sullivan*

Market Drivers and Trends of Intelligent Driving Solution Industry

"Drive-Park Integration" Speeding up Intelligent Driving Domain Controller Market Growth

As the integration of ADAS functions continues to improve, intelligent driving domain controller with the functions of "Drive-Park Integration" have become the industry's mainstream solution. This controller combines both driving and parking functions on a single platform, offering more efficient system integration and a smarter driving experience. This trend is not only driving the rapid development of automotive automation but also simplifying the software and hardware architecture, enhancing overall stability and user experience.

CCU Driving the Integration Trend of Intelligent Driving Platforms

In intelligent driving solutions, the CCU is becoming a core technological platform. With advanced computational power and multi-domain integration, it efficiently handles complex tasks and meets growing system integration demands. As automotive electronic architectures shift from distributed to centralized designs, the CCU will integrate intelligent driving, cockpits and connectivity, simplifying hardware, improving system performance and enabling cost-effective solutions through streamlining the E/E architecture. This accelerates the adoption of software-defined vehicle (SDA) architectures, paving the way for higher levels of intelligent driving.

Competitive Landscape Analysis of Intelligent Driving Solution Industry

The global intelligent driving solution market is highly fragmented due to the industry's complexity and diversity. In recent years, a growing number of new entrants, including automobile manufacturers, auto parts suppliers and technology companies, have entered the intelligent driving solution industry. This influx of diverse players has led to a more fragmented and dynamic industry landscape. In 2023, there were thousands of companies in the intelligent driving solution market globally. With ongoing technological advancements, the complexity of perception, control and decision-making systems in intelligent driving continues to grow, alongside increasing information exchange and control integration with other vehicle systems. Leading companies possess R&D and mass production capabilities closely collaborating with automobile manufacturers to equip their products across various models.

Overview of Global Smart Connectivity Solution Industry: Smart Connectivity Technology is the Important Infrastructure for Enhancing Vehicle Intelligence Level and Realizing the Vision of "Third Living Space"

Overview of Vehicle Smart Connectivity Solution

The vehicle's smart connectivity solution integrates smart connectivity technologies and services. Based on system-level collaborative perception, decision-making and control, smart connectivity solution provides key operational services such as smart connectivity, intelligent safety, smart mobility and intelligent maintenance, to deliver a safe, energy efficient, comfortable and efficient travel experience. In addition, it empowers automobile manufacturers with diversified services, including cloud-based vehicle management and big data analysis.

Smart connectivity solution is a crucial foundation for the development of IoV, intelligent driving and intelligent transportation. Its overall architecture can be divided into several key layers, encompassing the collaborative operation of in-vehicle terminal layer, communication network layer, data processing and decision-making layer, cloud platform layer and external environment layer. The following sets forth the introduction to the in-vehicle terminal layer:

- **In-vehicle Terminal Layer:** The in-vehicle terminal layer is the core of the smart connectivity solution, primarily responsible for information exchange, data collection and processing between the vehicle and the outside world. It mainly consists of the following components:

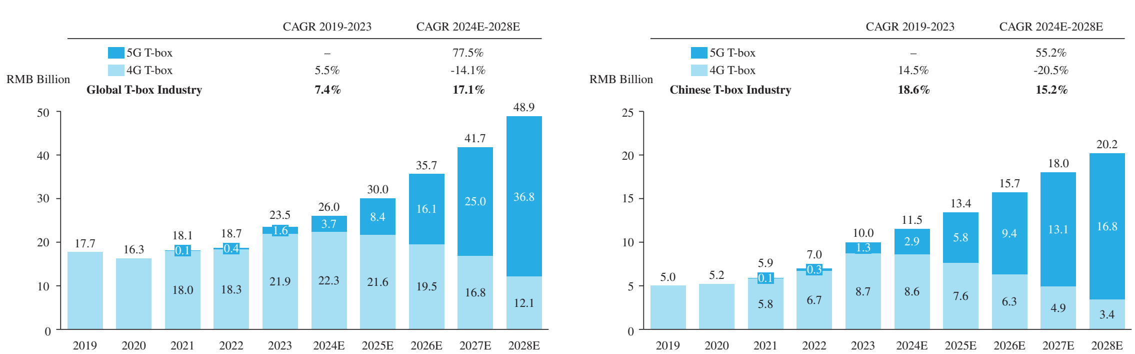
  ✓ **T-box (automotive telematics control unit):** As the communication core of the vehicle, T-box integrates GPS and communication modules, interacting with the vehicle through the controller area network (CAN) bus. It provides functions such as driving data collection, driving trajectory recording, vehicle fault monitoring and remote vehicle control, allowing the owner to monitor the vehicle's status in real-time and perform remote operations. The T-box supports vehicle-to-everything (V2X) technology, including vehicle-to-vehicle (V2V), vehicle-to-infrastructure (V2I), vehicle-to-pedestrian (V2P) and vehicle-to-network (V2N) modes. The core functionalities of the T-box are the microprocessor unit (MPU) and microcontroller unit (MCU). The MPU is used to implement application functions, such as viewing vehicle information through an app, unlocking doors or remotely starting the vehicle. The MCU primarily manages power control and connects to the vehicle's CAN bus.

√ **Smart Digital Antenna System:** Smart digital antenna is responsible for optimizing the transmission and reception of signals both inside and outside the vehicle, ensuring stable and efficient communication with external networks. Smart digital antenna integrates multi-band technology, allowing it to simultaneously handle various signals such as 4G/5G, GNSS and Wi-Fi, thereby enhancing the reliability and coverage of communications.

Market Size of Global and Chinese T-box Industry

The 5G network features high speed and low latency. To meet the deployment needs of automobile manufacturers for 5G technology, T-box suppliers have been launching and mass-producing various advantageous 5G products since 2021. In the future, the global T-box supply landscape is expected to grow rapidly with the ongoing expansion of 5G networks overseas and the upgrading of T-box products. From 2019 to 2023, the market size of global T-box industry has increased from RMB17.7 billion to RMB23.5 billion, at a CAGR of 7.4%. It is expected that the market size of global T-box industry will increase from RMB26.0 billion in 2024 to RMB48.9 billion in 2028, at a CAGR of 17.1%. T-box products in China have already achieved a high level of integration with 5G technology. From 2019 to 2023, the market size of Chinese T-box industry has increased from RMB5.0 billion to RMB10.0 billion, at a CAGR of 18.6%. It is expected that the market size of Chinese T-box industry will increase from RMB11.5 billion in 2024 to RMB20.2 billion in 2028, at a CAGR of 15.2%.

Market Size of T-box Industry by Revenue (Global and China), 2019-2028E



Note: T-box industry in the graph above only refers to T-box implemented in the passenger vehicles.

Source: Interviews with Industry Experts, Frost & Sullivan

Market Drivers and Trends of Smart Connectivity Solution Industry

Application of Advanced Communication Technologies

V2X technology enables real-time communication between vehicles, infrastructure, pedestrians and networks via cellular (C-V2X) or DSRC, supporting collaborative perception and safe driving. 5G-V2X, with its high bandwidth, low latency and massive connectivity, powers smart connected vehicles by facilitating V2V, V2I, V2P and V2N communication. It enables more complex driving scenarios, driven by national policies and growing manufacturer demand. The rise of 5.5G and 6G technologies will further enhance the industry's innovation, offering a more stable, efficient and secure communication environment for connected vehicles.

Increasing Demand for Automotive Intelligence and IoV

The focus of the IoV is gradually shifting from early infotainment functions to achieving smart capabilities in individual vehicles. Features such as over-the-air updates (OTA) and remote control (e.g., remote start, remote locking/unlocking) have become representative applications of the IoV. These functionalities also place increasing demands on the speed, bandwidth and stability of automotive communication networks, fueling the transition of vehicle communication technologies from 4G to 5G and accelerating the advancement of IoV technology. As the need for automotive intelligence continues to shape the evolution of the IoV, smart connectivity solution industry is positioned for significant growth.

Evolution of the T-box

Driven by the rapid development of smart connectivity technologies and the growing emphasis by automobile manufacturers on OTA capabilities, the installation volume and rate of T-box systems in passenger vehicles continue to rise. T-box facilitates seamless communication between vehicles and external networks, enabling key functions such as remote control and real-time data transmission. With advancements in technology, T-box is evolving from a standalone communication module into an information and communication domain control system. This evolution simplifies the in-vehicle electronic architecture and enhances support for high-level ADAS, further propelling the development of smart connected vehicles.

Competitive Landscape Analysis of T-box Industry

The global T-box market is characterized by a relatively concentrated competitive landscape, with more than 50 existing companies in the industry, mainly covering products including 4G T-box and 5G T-box with different functionalities, such as high-precision positioning, V2X capabilities, smart antennas, etc. These features enable enhanced vehicle connectivity, real-time data processing and interaction with external systems, making T-boxes crucial components for smart connected vehicles. The competitive landscape of the global T-box industry is shaped by a combination of technological innovation, cost efficiency, strategic collaborations, regulatory compliance and the ability to deliver scalable, secure and future-proof solutions. Companies that can navigate these factors effectively will be well-positioned to lead in the growing market for smart connected vehicles.

Overview of Global New Energy Management System Industry: New Energy Management System Industry Lays the Indispensable Technological Foundation for NEV Development

Definition and Classification of New Energy Management

The automotive new energy management system is an integrated solution that collects and manages data from various subsystems within NEVs, and its main objective is to efficiently coordinate, allocate and control the energy usage within the vehicle's power systems. The system typically consists of two major components: the battery management system (BMS) and on-board power electronics. These technologies are crucial in ensuring optimal performance, safety and energy efficiency of the vehicles.

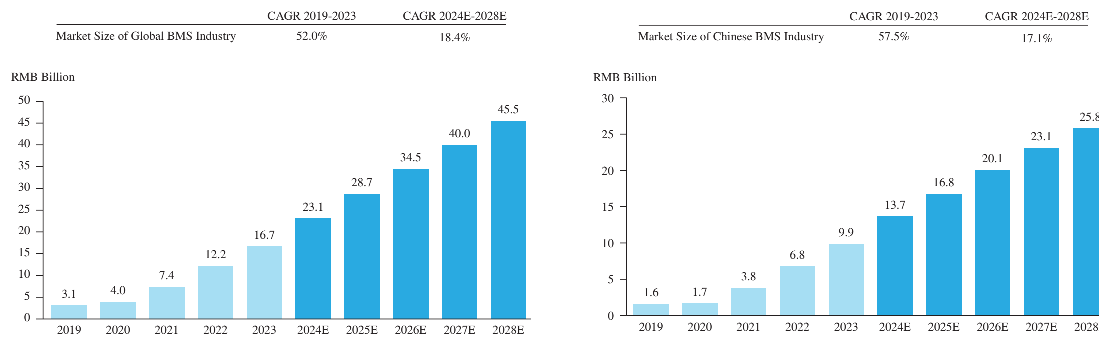
- **Battery Management System (BMS):** BMS is a core component of power batteries that ensures battery safety, improves durability, enhances performance and extends driving range. BMS works by closely integrating with sensors on the power battery to monitor the battery's voltage, current and temperature in real time. The collected data is then fed into the controller, enabling comprehensive management of the electric system. The system's primary functions include balancing the battery's charge, monitoring its health, estimating its state, diagnosing faults, managing the charging process and controlling thermal conditions. These features are designed to maximize the battery's lifespan, enhance driving performance and extend the vehicle's range, all while ensuring safety.

- **On-board Power Electronics:** On-board power electronics convert electrical energy between different voltage levels and frequencies, enabling the transmission of electrical power across various systems. On-board power electronics primarily consist of Boosters, DC/DC converters and on-board chargers (OBCs). They play a crucial role in ensuring efficient vehicle charging and addressing concerns such as range anxiety.

Market Size of Global and Chinese BMS Industry

Driven by rapid expansion of NEVs and advances in battery technology that require sophisticated management system, both the global and Chinese BMS market has seen significant growth from 2019 to 2023. The global BMS market size expanded from RMB3.1 billion in 2019 to RMB16.7 billion in 2023, with a CAGR of 52.0%. BMS solutions have become indispensable for monitoring, controlling and optimizing battery performance, which is critical for both safety and efficiency in NEVs. According to Frost & Sullivan, the accelerated adoption of fast-charging technologies, the increasing integration of intelligent features in NEVs and ongoing innovations in BMS capabilities are expected to drive the growth of the global and Chinese BMS markets. The global BMS market size, in terms of revenue, is expected to continue growing from RMB23.1 billion in 2024 to RMB45.5 billion in 2028, achieving a CAGR of 18.4%. As the largest NEV market in the world, China is expected to maintain a stable market share of around 50% in the BMS industry, sustaining steady growth.

Market Size of BMS Industry by Revenue (Global and China), 2019-2028E



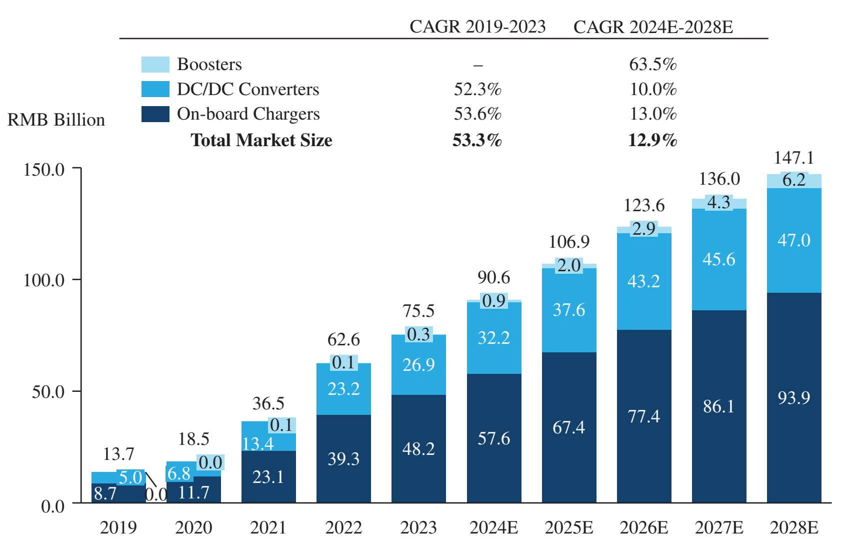
Note: BMS industry in the graph above only refers to BMS implemented in the NEVs.
Source: Interviews with Industry Experts, Frost & Sullivan

Market Size of Global and Chinese On-board Power Electronics Industry

800V high-voltage platform enables higher charging power, resulting in shorter charging times, while reducing energy loss and improving overall charging efficiency. Boosters were first applied in 2019 in Porsche's 800V high-voltage platform and serve as a core component of high-power, high-voltage fast-charging solutions within power electronics. Meanwhile, DC/DC converters and OBCs remain essential components of on-board power electronics and are expected to undergo gradual upgrades in line with the trend toward smarter technologies, ensuring support for emerging electronic control needs. As a result, the global on-board power electronics market, in terms of revenue, is projected to expand from RMB90.6 billion in 2024 to RMB147.1 billion in 2028, at a CAGR of 12.9%.

The market size of global DC/DC converter and OBCs industries is expected to increase to RMB47.0 billion and RMB93.9 billion in 2028, respectively. The market size of global Boosters in terms of revenue is expected to grow from RMB0.9 billion in 2024 to RMB6.2 billion in 2028, at a rapid CAGR of 63.5%.

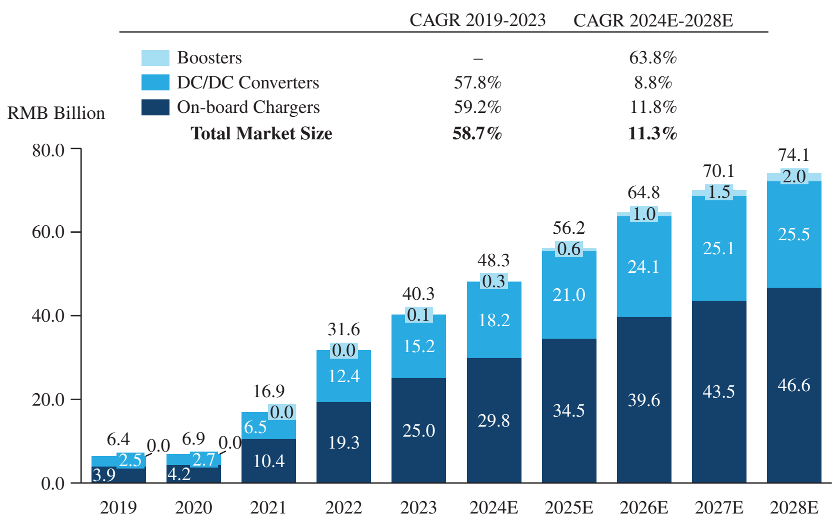
Market Size of On-board Power Electronics Industry by Revenue by Category (Global), 2019-2028E



Source: Interviews with Industry Experts, Frost & Sullivan

Similar to the development trends in the global on-board power electronics market, the market size of the Chinese on-board power electronics industry is expected to grow from RMB48.3 billion in 2024 to RMB74.1 billion in 2028, with a CAGR of 11.3%. As the world's largest market for NEVs, the proportion of Chinese on-board power electronics market in the whole global market is projected to reach approximately 50% by 2028. Meanwhile, the trends of intelligent and electric vehicle technologies will drive the iterative upgrading of major products, with DC/DC converters and OBCs maintaining substantial market shares, projected to reach RMB25.5 billion and RMB46.6 billion, respectively in 2028. The market size of Boosters in China is expected to increase to RMB2.0 billion in 2028 with a CAGR of 63.8% from 2024.

Market Size of On-board Power Electronics Industry by Revenue by Category (China), 2019-2028E



Source: Interviews with Industry Experts, Frost & Sullivan

Market Drivers and Trends of New Energy Management System Industry

Rise of Fast-charging Technologies and High-Voltage Platforms

In recent years, fast-charging technology has gained popularity from both NEV manufacturers and consumers due to its ability to dramatically reduce charging times. Within this context, the 800V high-voltage platform has emerged as a key technology for improving charging efficiency and addressing consumer concerns about driving range and charging time. The accelerated commercialization of the 800V high-voltage platform not only enhances the performance and user experience of electric vehicles but also drives new demand for new energy management systems.

Continuous Demand for On-board Power Electronics

As the industry progresses from 400V to 800V platform, the related supply chain is set to experience new growth opportunities. During this transition, it is crucial to ensure the seamless integration of both high- and low-voltage components. Consequently, the demand for on-board power electronics, such as Boosters and DC/DC converters, is expected to rise steadily in the coming years. These products play a vital role in voltage conversion and energy management, with their performance directly impacting electric vehicles' charging efficiency, range and overall safety. Suppliers of these critical components will take on an increasingly important role in the automotive electrification transformation. To meet automobile manufacturers' demands for higher voltage platforms, suppliers specializing in on-board power electronics are expected to increase their R&D investments, driving technological innovation to improve conversion efficiency and system stability.

Intelligent Development of New Energy Management Systems

As the level of automotive intelligence continues to rise, the core technologies of new energy management systems, such as estimation techniques, balancing management and power conversion technologies, are increasingly integrating smart features. Estimation technology, as the core of the BMS, will lead to greater efficiency in battery applications, along with more precise control and state analysis of the battery core. The intelligence of balancing management is mainly reflected in the application of active balancing technology, which more effectively reduces loss discrepancies between batteries and systems. Power conversion technology, as the core of on-board power electronics, is trending toward lighter, more compact, highly efficient and integrated designs to support the application of new 800V high-voltage platforms. The active balancing capabilities of these systems will become the mainstream direction for future industry development.

Competitive Landscape Analysis of New Energy Management System Industry

In the BMS market, the main participants include automobile manufacturers, battery manufacturers and independent third-party BMS suppliers. Automobile manufacturers and battery manufacturers participate in the BMS market through bundled offerings with vehicles or battery packs. In recent years, leading independent third-party BMS suppliers have gradually become important players in the BMS market, leveraging advantages in cost, economies of scale, process capabilities and professional experience. These suppliers are able to respond flexibly to the diverse demands of automobile manufacturers, rapidly accumulate technologies and solutions, effectively improve development efficiency and reduce costs. With the rapid expansion of the NEV market, cost control has become a core competitive factor. Independent third-party BMS suppliers, serving a wide range of downstream customers, enjoy significant economies of scale. Moreover, the continuous increase in the market penetration of NEVs and the growing specialization of the industrial chain will further drive improvements in efficiency and cost reduction. As a result, traditional automobile manufacturers undergoing transformation and emerging NEV OEMs are increasingly inclined to outsource the manufacturing of core NEV components to third-party suppliers with rich experience, resource advantages and cost benefits. In the future, the further development of the NEV industry will bring opportunities for independent third-party BMS suppliers. Meanwhile, these suppliers will also face increasingly intense market competition and technological challenges.

SECTION 2: OVERVIEW OF GLOBAL AUTOMOTIVE SAFETY INDUSTRY

MATURE GLOBAL AUTOMOTIVE SAFETY INDUSTRY IS EMBRACING NEW OPPORTUNITIES AS THE VEHICLE INTELLIGENCE LEVEL DEVELOPS

Definition and Classification of Automotive Safety

Automobile safety has long been a critical issue in the automotive industry. With the advancement of new technologies and the strengthening of safety standards, modern vehicles' safety features have become increasingly sophisticated and comprehensive. Automotive safety is typically divided into two the following categories:

- **Passive Safety:** The primary function of passive safety is to protect drivers and occupants during an accident and reduce the severity of injuries caused by the crash. Key components of passive safety primarily include steering wheel, seatbelt and airbag.

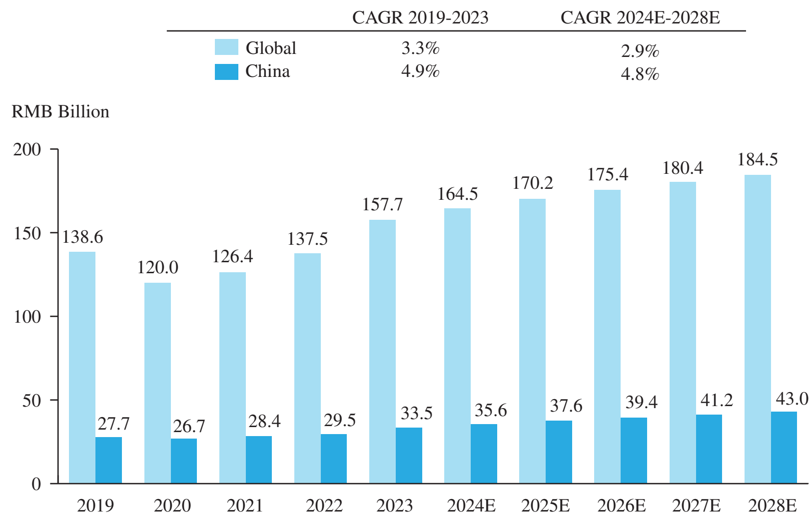
- **Active Safety:** Active safety is designed to prevent accidents before they occur by intervening in critical moments. It assists drivers by reducing human error, alerting them to potential hazards and prompting corrective actions.

Market Size of Global and Chinese Automotive Safety Industry

The market size of global automotive passive safety industry increased from RMB138.6 billion in 2019 to RMB157.7 billion in 2023, with a CAGR of 3.3%. The decrease in 2020 was mainly attributed to the impact of COVID-19. Looking forward, driven by the continuous strengthening of safety standards and increasing emphasis by automobile manufacturers on vehicle safety performance, the market is expected to sustain steady growth. It is projected that the market size of global automotive passive safety industry will grow from RMB164.5 billion in 2024 to RMB184.5 billion in 2028 at a CAGR of 2.9%.

The market size of automotive passive safety industry in China increased from RMB27.7 billion in 2019 to RMB33.5 billion in 2023, with a CAGR of 4.9%, and the market is expected to reach RMB43.0 billion in 2028 from RMB35.6 billion in 2024, representing a CAGR of 4.8%.

Market Size of Automotive Passive Safety Industry by Revenue (Global and China), 2019-2028E



Source: Interviews with Industry Experts, Frost & Sullivan

Market Drivers and Trends of Automotive Safety Industry

Continuously Enhancing Safety Standards as Intelligence Level of Automotive Industry Develops

With the improvement of automotive safety standards across various countries and regions globally and the ongoing development of automotive intelligence, the automotive safety industry is experiencing an accelerated pace of technological upgrades.

In terms of automotive active safety, the European Union and China have mandated the installation of systems such as Driver Monitoring Systems (DMS). Since July 2022, the EU has requires DMS in newly approved vehicles, while China has implemented DMS mandates for certain commercial vehicles, with a national standard of "the Performance Requirements and Testing Methods for Driver Attention Monitoring Systems (GB/T 41797-2022)" (《駕駛員注意力監測系統性能要求及試驗方法(GB/T 41797-2022)》) published in October 2022.

In terms of automotive passive safety, the number of airbags per vehicle has gradually increased with the introduction of regulatory requirements and industry standards. Developed countries and regions such as Europe, the United States and Japan have implemented regulations mandating the installation of front airbags in vehicles. In China, with the continuous updates to the "Motor Vehicle Operation Safety Technical Conditions (GB 7258)" (《機動車運行安全技術條件(GB 7258)》) the requirements for vehicle collision safety performance have become increasingly stringent, particularly regarding side-impact and frontal crash test standards. In addition, a series of standards have been issued in recent years to further strengthen vehicle safety requirements, including "The Protection of the Occupants in the Event of a Frontal Collision for Motor Vehicle (GB 11551-2014)" (《汽車正面碰撞的乘員

保護(GB 11551-2014)》), "The Protection of the occupants in the event of a lateral collision (GB 20071-202X)" (《汽車側面碰撞的乘員保護(GB 20071-202X)》), "The Requirements of Safety in the Event of Rear-end Collision for Passenger Vehicle (GB 20072-202X)" (《乘用車後碰撞安全要求(GB 20072-202X)》), "The Frontal airbag-Technical Requirements of Protection for out of Position Occupant (GB/T 37437-2019)" (《正面安全氣囊離位乘員保護技術要求(GB/T 37437-2019)》), "The Methods and Requirements of Airbag System Abuse Test for Automobile (GB/T 37474-2019)" (《汽車安全氣囊系統誤作用試驗的方法和要求(GB/T 37474-2019)》) and "The Performance Requirements of Side Airbag and Curtain Airbag Module (GB/T 38795-2020)" (《汽車側面氣囊和簾式氣囊相關標準(GB/T 38795-2020)》). Furthermore, automotive safety has become crucial for shaping brand image. Manufacturers are developing airbags that protect multiple body parts, including head, chest, neck, legs and knees, with rear side, knee and curtain airbags becoming more common. Additionally, smart steering wheels and electronic seatbelts are enhancing vehicle safety, driving market growth.

Integration of Active Safety and Intelligent Driving

With the rapid advancement of intelligent driving technologies, active safety is emerging as a central focus in the automotive safety industry. As vehicles become increasingly intelligent, active safety goes beyond merely detecting the surrounding environment in real time to assist drivers in avoiding potential risks. They also offer advanced risk mitigation strategies, significantly enhancing road safety. The deep integration of active safety with intelligent driving technologies will not only provide more comprehensive safety protection for future vehicles but also drive continuous upgrades in safety functionalities, making active safety an essential component of the broader intelligent vehicle ecosystem. This evolution will not only improve accident prevention but also contribute to the development of intelligent driving, setting new standards for vehicle safety.

Innovation in Automotive Safety Products Driven by Evolvement of Automotive Industry as well as Emergence of New Way of Transportation

As transportation technology evolves, the continuous innovation of automotive safety products becomes critical in addressing emerging demands. For example, pedestrian safety solutions, such as pyrotechnic actuators like active hood lifters, are designed to mitigate injuries by lifting the vehicle hood during collisions, reducing head impacts and complying with ECE R-127 regulations. In addition, battery protection systems for NEVs, such as pyrotechnic battery disconnect technology, safeguard drivers and occupants by cutting electrical connections in the event of battery overloads or short circuits. Furthermore, the rise of flying cars, a groundbreaking innovation in transportation, introduces new safety challenges, particularly in ensuring operational safety during flight. This necessitates the adaptation and enhancement of existing automotive safety products, driving advancements in technology research, regulatory frameworks and standardization to meet the unique demands of aerial mobility. These innovations collectively reflect the automotive safety industry's progression from traditional vehicle safety measures toward comprehensive, multi-dimensional safety designed to meet the needs of evolving transportation technologies.

Competitive Landscape Analysis of Automotive Safety Industry

In 2023, the global automotive passive safety market reached RMB157.7 billion in terms of revenue. The top three suppliers in the global automotive passive safety industry accounted for about 92.8% of the total market size. The Company ranked second globally with a revenue of RMB36.4 billion in 2023, holding a market share of 23.1%. In addition, the Company ranked second globally in the steering wheel and seatbelt industry, and ranked third globally in the airbag industry in 2023, with a market share of 35.4%, 22.8% and 19.1%, respectively.

In 2023, Chinese automotive passive safety market reached RMB33.5 billion in terms of revenue. The top three suppliers in Chinese automotive passive safety industry accounted for about 86.0% of the total market size. Among them, the Company ranked second with a revenue of RMB8.0 billion in 2023, holding a market share of 23.8%.

Top Three Suppliers in the Automotive Passive Safety Industry by Revenue (Global and China), 2023

Ranking	Company	Revenue (RMB Billion)	Market Share
1	Company G	73.8	46.8%
2	**the Company**	**36.4**	**23.1%**
3	Company H	36.1	22.9%
	CR3	**146.3**	**92.8%**
	Total	**157.7**	

Ranking	Company	Revenue (RMB Billion)	Market Share
1	Company G	14.8	44.0%
2	**the Company**	**8.0**	**23.8%**
3	Company H	6.1	18.2%
	CR3	**28.8**	**86.0%**
	Total	**33.5**	

Source: Annual Reports of Listed Companies, Interviews with Industry Experts, Frost & Sullivan

Notes:

Company G: The company is founded in 1956 and listed on the New York Stock Exchange and Stockholm Stock Exchange, which designs, develops and manufactures passive safety products for the automotive industry.

Company H: The company is a non-listed company founded in 1915. It is a global technology group providing passive safety products for vehicles.

Entry Barrier of Auto Parts Industry

Customer Barrier

Leading auto parts suppliers have established long-term partnerships with top-tier automobile manufacturers, built on years of collaboration, mutual trust and a deep understanding of customer needs. These incumbents possess rich industry expertise, allowing them to provide tailored solutions that align precisely with manufacturers' specifications. For new entrants, breaking into these established supply chains is difficult due to the time required to build credibility, the challenge of meeting automobile manufacturers' stringent quality standards and the reluctance of manufacturers to switch from proven suppliers. This creates a substantial customer barrier for new entrants.

Technology Barrier

The development and production of auto parts demand expertise in advanced fields such as AI, algorithms, embedded systems and power electronics. Established suppliers continuously invest in R&D to maintain technological leadership and enhance their manufacturing processes with innovative techniques such as real-time diagnostics, AI-based analytics and precision safety controls. For new entrants, acquiring the required technical expertise, infrastructure and highly skilled talent is both costly and time-intensive, creating a robust technology barrier to entry.

Capital Barrier

Auto parts suppliers operate in a capital-intensive industry that requires substantial financial resources to remain competitive. Investments are necessary for advanced R&D facilities and intelligent manufacturing equipment, and compliance with stringent regulatory and certification standards. In addition, automobile manufacturers require high production volumes, which necessitate the establishment of large-scale production facilities equipped with robust quality control systems. For new entrants, securing the capital needed to meet these demands presents a significant challenge, creating a formidable barrier to entry.

Qualification Barrier

The automotive industry is highly regulated, with stringent certification requirements and compliance standards across different regions. For example, meeting ISO certifications, functional safety standards such as ISO 26262, or specialized requirements such as 5G T-box network access licenses involves complex, time-consuming and costly processes. Leading suppliers have already established the necessary qualifications, while new entrants must invest heavily in acquiring certifications and building regulatory expertise, creating a significant qualification barrier.

Customized Service Capability Barrier

Automobile manufacturers increasingly demand highly tailored solutions that integrate both software and hardware to ensure seamless functionality and optimal performance. Leading suppliers meet these needs through advanced customization capabilities and proprietary technologies, such as software algorithms and hardware designs, developed through significant R&D investments. These capabilities create a strong barrier for new entrants, as developing comparable intellectual property and achieving the required level of customization expertise demands extensive time, financial resources and technical know-how.

PRC REGULATORY OVERVIEW

We are mainly engaged in offering advanced products and solutions across the industry's key areas mainly including automotive electronics and automotive safety. Our business operations are subject to extensive supervision and regulation by the PRC government. This section sets out a summary of the most important PRC laws, regulations and policies to which we are subject.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in China by foreign investors are principally regulated by (i) the *Catalog of Industries for Encouraging Foreign Investment* (《鼓勵外商投資產業目錄》) (the "**Encouraging Catalog**"), (ii) the *Special Administrative Measures for Access of Foreign Investment* (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), each of which was promulgated and amended from time to time by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission of the PRC (the "**NDRC**"), and (iii) the *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was adopted by the National People's Congress on March 15, 2019, and became effective on January 1, 2020, as well as their respective implementation rules and ancillary regulations.

Guidance Catalog of Industries for Foreign Investment

The Encouraging Catalog and the Negative List lay out the basic framework governing foreign investment in China, classifying businesses into three categories, namely the "encouraged" category, the "restricted" category, and the "prohibited" category, based on the level of participation allowed to and conditions required of foreign investment.

On October 26, 2022, the MOFCOM and the NDRC released the *Catalog of Industries for Encouraging Foreign Investment* (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), which became effective on January 1, 2023 and replaced the previous Encouraging Catalog. On September 6, 2024, the MOFCOM and the NDRC released the *Special Administrative Measures for Access of Foreign Investment* (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the "**Negative List 2024**"), which became effective on November 1, 2024 and replaced the previous Negative List. Any industry not listed on the Negative List 2024 is a permitted industry and generally accessible to foreign investment unless specifically prohibited or restricted by any PRC laws or regulations.

The Foreign Investment Law

The Foreign Investment Law is formulated to further expand the opening-up of the Chinese economy, vigorously promote foreign investment and safeguard the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, a foreign investment means any foreign investor's direct or indirect investment in China, including: (i) establishing foreign-invested enterprises (the "**FIEs**") in China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares or other similar interests in Chinese domestic enterprises; (iii) investing in new projects in China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations or by the State Council of the PRC (the "**State Council**"). Foreign investments are entitled to pre-entry national treatment and are subject to the Negative List. The pre-entry national treatment means that the treatment accorded to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The State implements special administrative procedures for access to foreign investment in specific fields and foreign investors shall not invest in any prohibited fields stipulated in the Negative List and shall meet the conditions stipulated in the Negative List before investing in any restricted fields.

The investment, earnings and other legitimate rights and interests of a foreign investor within the territory of China shall be protected in accordance with the law, and all national policies supporting the development of enterprises shall apply equally to FIEs. The State guarantees that FIEs are able to participate in the formulation of standards in an equal manner and government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. The State may levy or expropriate the investment of foreign investors in accordance with the law for the public interest. The expropriation and requisition shall follow legal procedures and timely and reasonable compensation shall be given. In business activities, FIEs shall comply with applicable rules and regulations on labor protection, social insurance, tax, accounting, foreign exchange and other matters prescribed by law.

On December 26, 2019, the State Council promulgated the *Implementation Regulations on the Foreign Investment Law* (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020, and further requires that FIEs and domestic enterprises be treated equally with respect to policy making and implementation.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation of the PRC (the "**SAMR**") jointly issued the *Measures for Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) (the "**Foreign Investment Information Measures**"), which came into effect on January 1, 2020 and replaced the *Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises* (《外商投資企業設立及變更備案管理暫行辦法》). Starting from January 1, 2020, foreign investors and FIEs in the PRC shall submit information relating to their investment through the Enterprise Registration System and the National Enterprise Credit Information Publicity System established by the SAMR by submitting initial reports of establishment, reports on changes to the investment, reports on termination of the investment and annual investment reports in accordance with the Foreign Investment Information Measures. Where a foreign investor or a FIE fails to submit any required information or make any correction or resubmission when directed by the competent authority, it may be subject to a fine of up to RMB300,000 (or RMB500,000 in the event of serious violations).

REGULATIONS RELATING TO OUR BUSINESS

Regulations Relating to Intelligent Connected Vehicle

According to the *Opinions on Strengthening the Access Management of Intelligent Connected Vehicle Production Enterprises and Products* (《關於加強智能網聯汽車生產企業及產品准入管理的意見》) promulgated by the Ministry of Industry and Information Technology of the PRC (the "MIIT") with immediate effect on July 30, 2021, intelligent networked automobile manufacturers shall enhance the automobile data security management capabilities and automobile network security capabilities; standardize the behavior of online upgrading of automobile products, ensure the security of online upgrading of automobile products, and automobile automatic driving functions shall not be added through online software upgrades or update without approval.

Regulations Relating to Compulsory Product Certification

According to the *Administrative Regulations on Compulsory Product Certification* (《強制性產品認證管理規定》) promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the predecessor of the SAMR) on December 3, 2001, which was recently amended by the SAMR on September 29, 2022 and became effective on November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide, and the organization, implementation, supervision, administration and comprehensive coordination of the compulsory product certification of the whole country, while local market supervision and administration departments at or above the county level shall be responsible for the supervision and administration of compulsory product certification activities within their jurisdiction. Regarding products subject to compulsory product certification, China has issued a uniform catalog of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs and uniform fee-charging standards. Producers, sellers and importers of products listed in the catalog shall entrust certification institutions designated by the SAMR to certify the products they produce, sell or import. If the products listed in the catalog leave the factory, sell, imported or be used in any business activities without certification, the relevant entity may be ordered by the local market supervision and management department to make corrections, and be fined between RMB50,000 and RMB200,000. If there is any illegal income, the illegal income will be confiscated as well.

According to the *Compulsory Product Certification Catalogue* (《強制性產品認證目錄》) and the *Description and Definition Table of Compulsory Product Certification Catalogue* (《強制性產品認證目錄描述與界定表》) issued by the SAMR on April 21, 2020 and amended with immediate effect on August 10, 2023, vehicles and relevant safety accessories, such as automobile seat, seat belt, and seat headrest and some other products are subject to the aforementioned certification, and each may apply to various procedures.

Regulations Relating to Telecommunications Terminal Equipment

Pursuant to the *Telecommunications Regulations of the PRC* (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), which was promulgated by the State Council and became effective on September 25, 2000, and recently amended with immediate effect on February 6, 2016, the State Council has implemented a network access licensing system for telecommunications terminal equipment, radio communications equipment and interconnection equipment. Any telecommunications terminal equipment, radio communications equipment and interconnection equipment connecting to a public network must comply with the standards specified by the State Council and obtain a network access license. The list of telecommunications equipment subject to network access licensing shall be formulated, announced and implemented by the information technology administration department of the State Council jointly with the product quality supervision department of the State Council. The competent department of information industry of the State Council and telecommunications authorities of provinces, autonomous regions and cities under the direct control of the central government shall conduct supervision and examinations over the service quality and activities of the service providers and publish the result of their supervision and examinations.

Regulations Relating to Value-added Telecommunications Services

Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain a value-added telecommunication business operating license from the MIIT or its provincial level counterparts. The *Administrative Measures for Telecommunication Business Operating License* (《電信業務經營許可管理辦法》), promulgated by the MIIT with recently amendments becoming effective on September 1, 2017, set forth the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses.

Regulations Relating to Internet Information Service

Internet information service is a type of value-added telecommunications service in the current catalog, the *Catalog of Telecommunications Business* (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. Pursuant to the *Administrative Measures on Internet Information Services* (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended with immediate effect on January 8, 2011, "internet information services" refers to the provision of information through the internet to online users, and they are categorized into "commercial internet information services" and "non-commercial internet information services". A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations, and an ICP License has a term of five years and can be renewed within 90 days prior to its expiration. An operator violating related laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

Restrictions on Foreign Investment in Value-Added Telecommunications Services

The *Regulations for the Administration of Foreign-Invested Telecommunications Enterprises* (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001, which was recently amended on March 29, 2022 and took effect on May 1, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. Moreover, the joint ventures must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in China.

According to the Negative List 2024, the proportion of foreign investments in an entity engaging in value-added telecommunications business (excluding the e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%.

Pursuant to the *Ministry of Information Industry's Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services* (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), promulgated by the Ministry of Information Industry (the predecessor of the MIIT) with immediate effect on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer, or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities, or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

Regulations Relating to Production Safety

On June 29, 2002, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the *Production Safety Law of the PRC* (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was recently amended by the SCNPC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure workplace safety. The safety facilities of a producer or business operator for engineering projects to be built, renovated or expanded shall be designed, constructed, and put into operation and use simultaneously with the principal part of the projects. Investments in safety facilities shall be included in the budgetary estimates for the construction projects. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

According to the *Safety of Special Equipment Law of the PRC* (《中華人民共和國特種設備安全法》) promulgated by the SCNPC on June 29, 2013 and became effective on January 1, 2014, and the *Regulations on Safety Supervision of Special Equipment* (《特種設備安全監察條例》) promulgated by the State Council on March 11, 2003, which was amended on January 24, 2009 and took effect on May 1, 2009, a special equipment catalog shall be formulated by the department of the State Council that is in charge of the safety supervision and administration of special equipment. Entities using special equipment listed in the catalog shall use special equipment that has been issued the production license and passed inspection. An entity using special equipment shall, before or within thirty days after using special equipment, go through the registration with the safety supervision and administration of special equipment.

The *Regulations on Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》), which was promulgated by the State Council on January 26, 2002, and recently amended with immediate effect on December 7, 2013, specifies the relevant provisions for the safety administration of the manufacture, storage, use, operation and transportation of hazardous chemicals. "Hazardous chemicals" refer to hyper-toxic chemicals and other chemicals with the nature of toxicity, corrosion, explosion, flammability or combustion-supporting, etc., which are harmful to the human body, facilities and environment. It stipulates that an entity that manufactures, stores, uses, deals in or transports hazardous chemicals shall, among others, obtain licenses as required and establish and improve safety administration systems.

Regulations Relating to Radiation Safety

According to the *Prevention and Control of Radioactive Pollution Law of the PRC* (《中華人民共和國放射性污染防治法》), which was promulgated by the SCNPC on June 28, 2003 and came into effect on October 1, 2003, an entity producing, selling or using radioisotope and ray devices shall, in accordance with the relevant provisions of the State Council on prevention of radioactivity from the radioisotope and ray devices, apply to obtain a permit, and make registration accordingly. An entity producing, selling, using or storing radioactive sources shall set up a sound and safe security system, designate a special person to be responsible for the system, ensure the implementation of the system of liability for safety, and formulate the necessary measures for addressing emergencies in accidents.

According to the *Regulations on the Security and Protection of Radioisotope and Radioactive Ray Devices* (《放射性同位素與射線裝置安全和防護條例》) promulgated by the State Council on September 14, 2005 and recently amended with immediate effect on March 2, 2019, and the *Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment* (《放射性同位素與射線裝置安全許可管理辦法》) promulgated by the Ministry of Environmental Protection of the PRC (the "**MEP**", which is the predecessor of the Ministry of Ecology and Environment of the PRC (the "**MEE**")) on January 18, 2006 and recently amended with immediate effect by the MEE on January 4, 2021, any entity producing, selling or using radioisotopes or radiation-emitting devices of different categories shall obtain a radiation safety license.

REGULATIONS RELATING TO PRODUCT QUALITY

According to the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person's factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic, corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the *Civil Code of the PRC* (《中華人民共和國民法典》) promulgated by the SCNPC on May 28, 2020 and became effective on January 1, 2021, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the *Civil Code of the PRC*, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

According to the *Implementing Measures for the Administrative Regulations on the Recall of Defective Auto Products (Revised in 2020)* (《缺陷汽車產品召回管理條例實施辦法(2020年修訂)》) promulgated by the SAMR with immediate effect on October 23, 2020, the manufacturers of automobiles and automobile trailers shall be responsible for recalling defective automobiles, and auto part manufacturers shall report information concerning defective automobiles to the SAMR and manufacturers of automobiles and automobile trailers. The SAMR and entrusted market regulatory departments shall have the power to conduct on-the-spot investigations on the premises of auto part manufacturers, and auto part manufacturers shall render assistance during a defective automobile investigation and furnish relevant information as required in the investigation.

REGULATIONS RELATING TO CONSTRUCTION AND ENVIRONMENTAL PROTECTION

According to the *Urban and Rural Planning Law of the PRC* (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC with effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the *Construction Law of the PRC* (《中華人民共和國建築法》) which was promulgated by the SCNPC with effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019, the *Measures for Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on June 25, 2014 and recently amended with immediate effect on March 30, 2021, and the *Regulation on Quality Management of Construction Projects* (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of *the Urban and Rural Planning Law of the PRC*. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government at the county level, and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project before commencement of construction. After receiving the construction project completion report, the construction entity shall organize the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

According to the *Regulations on the Administration of Approval and Filing of Enterprise Investment Projects* (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and came into effect on February 1, 2017, projects related to national security, major productivity distribution, strategic resource development and major public interests are subject to approval management. The specific project scope, the approval authority and the approval power shall be implemented in accordance with the catalog of investment projects approved by the government.

According to the *Provisions on Administration of Investments in the Automotive Industry* (《汽車產業投資管理規定》), which was issued by the NDRC on December 10, 2018 and took effect on January 10, 2019, both automobile and other investment projects are subject to filing management by local development and reform authorities.

According to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and became effective on January 1, 2015, the *Environmental Impact Assessment Law of the PRC* (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and recently amended with immediate effect on December 29, 2018, the *Regulations on the Administration of Environmental Protection for Construction Project* (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, which was amended on July 16, 2017 and became effective on October 1, 2017, the *Administration Regulations on Record-filing of the Environmental Impact Registration Forms of Construction Projects* (《建設項目環境影響登記表備案管理辦法》) promulgated by the MEP on November 16, 2016 and came into effect on January 1, 2017, the *Interim Measures on Environmental Protection Acceptance of Construction Projects* (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the MEP with immediate effect on November 20, 2017 and other relevant environmental laws and regulations, entities generating environmental pollution and other public hazards must incorporate environmental protection measures into their plans and set up a responsibility system of environmental protection. Construction projects shall go through the environmental impact assessment procedure accordingly. The construction projects which may have a significant impact on the environment shall prepare an environmental impact report with a full assessment of their impact on the environment while those projects which have a less severe environmental impact are required to prepare an environmental impact report regarding analysis or specific assessment of the environmental impacts, and those projects which have a slight impact on the environment are not required to conduct environmental impact assessment but need to complete the environmental impact registration form.

Regulations Relating to Pollutant Discharge Permits

According to the *Regulations on the Administration of Pollutant Discharge Permits* (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. Those who have not obtained pollutant discharge permits are not allowed to discharge pollutants.

According to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS AND TECHNOLOGY

According to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994, which was recently amended with immediate effect on 30 December 2022, and the *Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods* (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

The *Measures for Overseas Investment Management* (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, which was amended on September 6, 2014 and came into effect on October 6, 2014. As defined therein, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration.

The *Administrative Measures for Outbound Investment by Enterprises* (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection. The NDRC promulgated the *Catalog of Sensitive Sectors for Outbound Investment (2018 Edition)* (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018 and came into effect on March 1, 2018, to list the current sensitive industries in detail.

According to (i) the *Foreign Exchange Administration Rules on Outbound Direct Investment of the PRC Organizations* (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "**SAFE**") on July 13, 2009 and became effective on August 1, 2009 and (ii) the *SAFE Notice of the Policies on Further Simplifying and Improving the Foreign Exchange Administration of Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and became effective on June 1, 2015, which was partially abolished by the SAFE, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate. With the approval or filing certificate issued by the outbound investment regulatory authorities and the SAFE registration certificate, the PRC enterprise can remit funds outside the PRC through the designated banks for the purpose of outbound direct investment. In the event of changes to certain basic information of the offshore company registered at SAFE's system, the PRC enterprise shall make the alteration registration with SAFE through its designated banks.

Pursuant to the *Notice on Issues concerning Foreign Exchange Control Pertaining to 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》), promulgated by the SAFE with immediate effect on December 26, 2014, domestic companies listed overseas shall submit the registration documents for their overseas listings to domestic banks to open designated foreign exchange accounts regarding their initial or follow-on offerings and share repurchases, and handle the exchange, transfer and remittance of relevant funds through such designated accounts, and the proceeds raised from overseas listings of a domestic company may be remitted into the PRC or deposited overseas, and the use of such proceeds shall be consistent with those set out in the prospectus or other publicly disclosed documents such as the corporate bonds offering documentations, board resolutions or shareholders' resolutions.

REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

According to the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, which was and recently amended on December 28, 2012 and became effective on July 1, 2013, and the *Implementation Rules of the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council with immediate effect on September 18, 2008, a written employment contract shall be entered into to create an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is created, the employer must enter into a written employment contract with the employee and pay the employee an amount equal to twice such employee's salary for the period from the day following the lapse of one month from the date of the creation of the employment relationship to the day prior to the execution of the written employment contract. These rules also require compensation to be paid by the employer in certain events as a result of the termination. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of any restrictive period after the termination or expiry of the labor contract. In most cases, employers are also required to provide severance payment to their employees after their employment relationships are terminated.

Social Insurance and Housing Provident Fund

According to the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and amended with immediate effect on December 29, 2018, the *Administrative Regulations on Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and recently amended with immediate effect on March 24, 2019 and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and amended with immediate effect on March 24, 2019, a domestic enterprise shall pay a premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at an appropriate percentage based on the amounts stipulated by the laws. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears. And if the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

According to the *Opinions of the Office of the State Council on Comprehensively Promoting the Implementation of the Merger of Maternity Insurance and the Basic Medical Insurance for Employees* (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) which was promulgated by the State Council with immediate effect on March 6, 2019, the PRC facilitates the incorporation of maternity insurance fund into basic medical insurance fund of employees for unified payment. According to the *Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council and Effectively Doing a Good Job in Stabilizing the Collection of Social Insurance Premiums* (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) which was promulgated by the Ministry of Human Resources and Social Security with immediate effect on September 21, 2018, it is strictly prohibited to independently organize centralized collection and clearance of enterprises' historical arrears of social insurance premiums. Those that have already carried out centralized collection and clearance should immediately correct it and properly handle the follow-up work.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the *Patent Law of the PRC* (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and recently amended on October 17, 2020 and became effective on June 1, 2021, and the *Implementation Rules of the Patent Law of the PRC* (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, which was recently amended on December 11, 2023 and became effective on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of the provincial, autonomous regions or municipal governments are responsible for the administration of patents within their respective administrative areas. They provide for three types of patents, namely "inventions," "utility models" and "designs". Invention patents are valid for twenty years, utility model patents are valid for ten years and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, which was recently amended on April 23, 2019 and became effective on November 1, 2019, the Trademark Office of the State Administration for Industry and Commerce Authority (the predecessor of the SAMR), under the State Council is responsible for the registration and administration of trademarks in China. The SAMR has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for 10 years from the date the registration is approved. A registrant may apply to renew a registration within 12 months before the registration expiration date. If the registrant fails to apply in a timely manner, a grace period of 6 additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for 10 years. On April 29, 2014, the State Council issued the revised *Implementing Regulations of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》), which specifies the requirements for the application of trademark registration and renewal.

Copyright

On September 7, 1990, the SCNPC promulgated the *Copyright Law of the PRC* (《中華人民共和國著作權法》) (the "**Copyright Law**"), which was recently amended on November 11, 2020. The latest amendment took effect on June 1, 2021 and extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Centre of China. According to the Copyright Law, Chinese citizens, legal persons and organizations shall own copyright to their copyrightable works, regardless of whether such works are published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including the right of publication, right of authorship and right of reproduction. An infringer of copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. An infringer of copyrights may also be subject to fines and/or administrative or criminal liabilities under certain circumstances.

In order to further implement the *Regulations on Computer Software Protection* (《計算機保護條例》), promulgated by the State Council on June 4, 1991, which was recently amended on January 30, 2013 and became effective on March 1, 2013, the National Copyright Administration issued the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

Domain Names

According to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the Central Government. The principle of "first come, first served" applies to domain name registration services. The *Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services* (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

REGULATIONS RELATING TO THE EIT AND VALUE-ADDED TAX

According to the EIT Law recently amended by the SCNPC and became effective on December 29, 2018, and the *Implementation Rules of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) recently amended by the State Council on December 6, 2024, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of the foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

According to the *Interim Regulations of the PRC on Value-Added Tax* (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, and recently amended with immediate effect on November 19, 2017, and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993, which was and recently amended on October 28, 2011 and became effective on November 1 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 17%, except when specified otherwise. On December 25, 2024, the SCNPC promulgated the *Value-Added Tax Law of the PRC* (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, and the *Interim Regulations of the PRC on Value-Added Tax* will be abolished.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulation

The Securities Law, which was promulgated by the SCNPC on December 29, 1998, and was recently amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listing

On February 17, 2023, the CSRC promulgated the *Trial Administrative Measures of the 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》) and circulated five supporting guidelines (collectively, the "**Filing Rules**"), which has become effective on March 31, 2023. The Filing Rules has comprehensively improved and reformed the regulatory regime for overseas offering and listing of the PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of the PRC domestic companies' securities by adopting a filing-based regulatory regime. The Filing Rules apply to all overseas equity financing and listing activities of PRC domestic companies, including initial and follow-on offerings of shares, depository receipts, convertible corporate bonds, or other equity instruments and trading of securities in overseas market.

The Filing Rules provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities 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) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Filing Rules stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing 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 has become effective on March 31, 2023. Pursuant to the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises*, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

OTHER REGULATIONS

Information Disclosure

A listed company shall establish a sound information management system in accordance with the regulatory requirements of the securities authorities, market practice, its specific circumstances, and the general information disclosure requirements for listed companies, such as the *Administrative Measures for the Disclosure of Information of Listed Companies* (《上市公司信息披露管理辦法》) promulgated by CSRC on January 30, 2007, which was amended on March 18, 2021 and became effective on May 1, 2021.

EU REGULATORY OVERVIEW

This section summarizes certain laws and regulations of the EU that are of specific relevance for automotive suppliers, particularly in the areas of product safety and product liability. It is intended to provide a general overview and not to provide a complete or exhaustive description of all relevant EU regulations.

It is important to distinguish between so-called EU regulations, which are directly applicable to the member states, and EU directives, which are not directly applicable or enforceable in the member states but must be implemented by each member state. Accordingly, there may be varying legal requirements in each member state. In particular, the general framework for most consumer protection legislation within the EU is based on EU legislation but implemented and mostly enforced at the national level. The requirements in individual EU member states are not described in this section.

Law Relating to Product Safety

Within the EU, there are directives and regulations that contain rules on product safety in general as well as those that relate specifically to the automotive sector.

Among EU laws applicable to product safety, **Regulation (EU) 2018/858** governs the type-approval and market surveillance of motor vehicles and their components, systems and separate technical units within the European Union. It ensures that the vehicle and its components, systems and separate technical units meet strict safety and environmental standards before being sold in the EU. Thus, each component requires a type-approval before it can be placed on the market. Furthermore, manufacturers are responsible that their products have been manufactured and approved in accordance with the requirements laid down in this Regulation, some of which also refer to UN/ECE regulations, e.g. on the requirement for airbags. The Regulation prevents the sale of non-compliant parts. Authorities are authorized to conduct tests and inspections to verify compliance. Manufacturers must keep detailed documentation for all approved components to ensure traceability and accountability throughout the supply chain. The regulation also allows for the involvement of independent testing organizations to assess compliance. If a part is found to be non-compliant after it enters the market, manufacturers may be required to recall or modify the product; fines up to EUR 30,000.00 per vehicle or component may be imposed.

Regulation (EU) 2019/2144 on type-approval requirements for motor vehicles and their trailers, and systems, components and separate technical units intended for such vehicles, as regards their general safety and the protection of vehicle occupants and vulnerable road users complements Regulation (EU) 2018/858 by adding and extending detailed safety standards for new vehicle technologies and their components, focusing on improving the protection of road users and preventing accidents. Manufacturers are obliged to ensure that vehicles, components or systems also comply with the safety requirements of this Regulation.

In addition, Regulation (EU) 2019/1020 and 2023/988 contain rules on market surveillance and product safety in the EU in general. These Regulations are also applicable on the automotive sector but have a subsidiary function and are subordinate to special regulations such as Regulation (EU) 2018/858 or Regulation (EU) 2019/2144.

Regulation (EU) 2019/1020 on market surveillance and compliance of products defines obligations for manufacturers, distributors and authorities in general. The purpose is to ensure a high level of protection of all public interests, in particular health, safety in general and environmental protection. **Regulation (EU) 2023/988** defines general safety requirements for products in the EU. Main obligations of manufacturers under this Regulation are: ensure products are safe by design; carry out internal risk analyses and draw up relevant technical documentation; act immediately and inform national authorities through the Safety Business Gateway, if they believe a product on the market is dangerous; share information on accidents; provide essential product safety and traceability information on products or their packaging; provide contact details to receive complaints, investigate them and keep an internal register of complaints received.

Directive 2013/29/EU sets out special regulations for pyrotechnic articles and is applicable in the automotive sector in particular for safety devices in vehicles which contain pyrotechnic substances such as gas generators used in airbags or in seatbelt pretensioners. It imposes restrictions on the trade of pyrotechnic articles for vehicles and contains obligations for manufacturers: Manufacturers must ensure that their pyrotechnic products, including airbags, comply with safety requirements and undergo a conformity assessment procedure before being placed on the market, along with providing a technical documentation and EU declaration of conformity. They are also responsible for keeping records of compliance for 10 years, conducting ongoing monitoring and testing, ensuring proper labeling and safety instructions, and taking corrective actions, including recalls, if non-compliance or safety risks are identified. Furthermore, pyrotechnic articles for vehicles must be labeled in a specific way.

Law Relating to Product Liability

The **Directive 85/374/EEC** on product liability establishes the principle of liability without fault applicable to European producers. The Directive was introduced to create a uniform system of strict liability of manufacturers for damage caused by defective products within the EU. It stipulates that manufacturers are liable for personal injury and damage to property caused by a defective product, whereby the term "damage" includes both bodily injury and damage to other property that is not the defective product itself. The manufacturer's liability may be excluded, e.g. if he can prove that the defect was not apparent, or it complied with mandatory regulations at the time the product was placed on the market or if the defect could not have been detected according to the state of the art in technology. The manufacturer's liability cannot be limited or excluded in advance by contractual agreements. There is a maximum liability of at least EUR70,000,000.00 depending on the implementation of the member state. National laws on civil liabilities still apply.

A new product liability directive has been approved which will replace the Directive 85/374/EEC in the future. The member states must implement the **new Directive 2024/2853 into national law by December 9, 2026**. Main changes will include the extension of the scope of the application to include software and the removal of the maximum liability limit. Furthermore, the new directive includes a disclosure obligation for evidence, which can include all engineering and manufacturing-related documents. National Law of torts of EU member states also provide other liability regimes which are fault-based (negligence). A claimant may seek to recover damages beyond the currently applicable limitations mentioned above under these other regimes.

Others

Furthermore, there are several relevant EU laws for the automotive sector relating to environmental aspects and human rights. In particular the following EU laws have to be considered:

> The **Regulation (EU) 715/2007** sets harmonized rules for emission type-approval of cars (with less than 2.6 tons). The Regulation establishes limits for harmful emissions such as carbon dioxide, nitrogen oxides, hydrocarbons, and particulate matter from vehicles. Vehicles must pass type approval tests to ensure they meet these emissions standards before being marketed. The regulation also requires the implementation of On-Board Diagnostics (OBD) systems to monitor emissions during vehicle use. It enforces compliance through market surveillance and imposes penalties on manufacturers whose vehicles exceed emission limits. The **Regulation (EU) 2019/631** is aimed in a similar direction: it aims to contribute to road transport decarbonization to meet the EU's greenhouse-gas-emission-reduction targets for 2030 and beyond and to contribute to the goals of the Paris Agreement by specifically targeting the reduction of **CO_2 emissions** from vehicle fleets through fleet-wide emission targets.

The **Directive 2000/53/EC** on end-of life vehicles sets out measures to prevent and limit waste from end-of-life vehicles (ELVs) and their components by ensuring their reuse, recycling and recovery. It also aims to improve the environmental performance of all economic operators involved in the life cycle of the vehicles. Vehicle and equipment manufacturers must factor in the dismantling, reuse and recovery of the vehicles when designing and producing their products. They must ensure that new vehicles are reusable and/or recyclable to a minimum of 85% by weight per vehicle; reusable and or recoverable to a minimum of 95% by weight per vehicle.

Finally, the **Corporate Sustainability Due Diligence Directive (CSDDD) – (EU) 2024/1760** was adopted on July 5, 2024 and must be implemented into national law by July 2026. The Directive does not specifically apply to the automotive sector but sets out a corporate due diligence duty for all large companies (from 2026: companies with more than 5,000 employees and a net revenue of more than EUR1.5 billion; from 2029 companies with more than 1,000 employees and a net revenue of more than EUR450 million) to identify and address adverse human rights impacts and environmental impacts in their own operations, those of their subsidiaries and in their chain of activities. It imposes an obligation on large companies to adopt and put into effect a transition plan for climate change mitigation which aims to ensure through best efforts that the business model and strategy of the company are compatible with the transition to a sustainable economy and the objective of achieving climate neutrality. Article 29 of the CSDDD establishes the possibility of civil liability for companies that fail to comply with certain obligations set forth in the Directive. This liability extends to both natural persons and legal entities and is contingent upon the company's intentional or negligent breach of its duties, resulting in harm to the claimant's legally protected interests. Notwithstanding, the scope of liability is restricted by an exemption provision, which absolves companies from liability where the harm is solely attributable to actions of business partners within the chain of activities.

U.S. REGULATORY OVERVIEW

National Traffic and Motor Vehicle Safety Act

The National Traffic and Motor Vehicle Safety Act of 1966, as amended ("NTMVSA"), is a U.S. federal law that gives the U.S. Government the power to set and enforce safety standards for motor vehicles, aiming to reduce traffic accidents and related fatalities by mandating features like seatbelts, airbags, and shatterproof windshields. NTMVSA effectively established the federal government's role in regulating vehicle safety and created the National Highway Traffic Safety Administration (NHTSA) to oversee these standards. Essentially, NTMVSA requires car manufacturers to build vehicles that meet certain safety criteria to protect the public from unreasonable accident risks.

NTMVSA gives NHTSA the authority to issue vehicle safety standards and to require manufacturers to recall vehicles that have safety-related defects or do not meet U.S. Federal safety standards. NTMVSA led to the national adoption of the Federal Motor Vehicle Safety Standards.

Federal Motor Vehicle Safety Standard

The National Highway Traffic Safety Administration (NHTSA) administers statutory authority under various chapters of Title 49 of the United States Code, including motor vehicle safety, bumper standards, and theft prevention. They also issue regulations and guidelines to implement laws from Congress. The NHTSA is responsible for issuing Federal Motor Vehicle Safety Standards (FMVSS) and ensuring that manufacturers comply with the standards. The standards are minimum safety performance requirements for motor vehicles and their equipment. FMVSSs can be found in title 49, part 571, of the Code of Federal Regulations of the U.S.

The NHTSA currently maintains more than 70 FMVSSs covering the full range of safety-relevant vehicle performance parameters, from occupant protection to headlight illumination levels. The FMVSSs are divided into three categories:

Crash Avoidance (100-series): Initially, this category consisted of areas as basic as visibility through the windshield and side windows, the ability to stop effectively in various situations, and ensuring the vehicle's lighting system could be seen by other motorists. Eventually, crash avoidance expanded as automotive technologies advanced, and it now includes sections on tire pressure monitoring systems, electronic stability control, and how much noise hybrid and electric vehicles must make when in operation.

Crashworthiness (200-series): this category is oriented toward an automobile's performance in an accident. As with FMVSS 100, it has evolved from seat design, seat belts, airbags and head restraints to more modern concerns such as child seat systems and resistance to roof crushing in a rollover.

Post-crash Survivability (300-series): this category focuses on how passengers fare after an accident and how survivable a vehicle is after a collision. This category includes rules concerning fuel systems, protecting EV owners from electric shock, and other related topics.

FMVSS regulations apply to all motor vehicles and regulated motor vehicle equipment manufactured for sale in the U.S., with some exceptions. These safety standards ensure that purchased vehicles are designed with driver and passenger safety in mind and manufactured with trustworthy equipment.

Product Liability Laws

Under U.S. product liability law, manufacturers, distributors, suppliers, retailers, and others who make products available to the public can be held responsible for the injuries caused by those products.

Product liability claims in the U.S. are typically based on three theories of law: (1) strict liability, (2) negligence, and (3) breach of warranty. In addition, U.S. laws and regulations can also obligate subcontractors and parties in the supply chain to remedy product defects, which can include safety recall campaigns.

Parties involved in manufacturing, distributing or selling a product may be subject to liability from harm caused by a defect in that product. There are three types of product defects, namely, (1) design defects, (2) manufacturing defects, and (3) failure to warn. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the defendant's level of care. Instead, a defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product's defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. Companies that manufacture, distribute or sell a product in a particular state may be subject to the jurisdiction of such state's product liability laws.

The basic principles of the U.S. product liability laws are readily applicable to the products of the automotive industry. Persons are permitted to sue automotive manufacturers and allege that injuries, typically sustained in a collision, were the result of the defective manufacture of a vehicle; or of the defective design of a vehicle; or that, even if the vehicle was designed and manufactured flawlessly, its manufacturer failed adequately to warn of a hazard incident to its use, and this failure to warn caused the injury of which the person complains.

Data Privacy Laws

U.S. privacy laws are designed to protect individuals' personal information and ensure data security across various sectors. The automotive industry is subject to a variety of laws and regulations in the U.S. that involve privacy, data protection and personal information, data security, and data retention and deletion. In particular, the automotive industry is subject to federal, state, and foreign laws regarding privacy and protection of people's data. The U.S. has several federal laws that protect specific types of data, such as Privacy Act of 1974 and Health Insurance Portability and Accountability Act (HIPAA), but the U.S. does not have a comprehensive federal consumer data protection law that covers all types of private data. However, more states are passing data privacy laws, such as California Consumer Privacy Act (CCPA) and the federal government may also pass comprehensive laws in the future. U.S. federal and state laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change.

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. The FCPA, among other restrictions, prohibits U.S. companies and their intermediaries from making payments to foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and requires companies to maintain adequate record-keeping and internal accounting practices to accurately reflect their financial and other transactions with foreign officials. The FCPA imposes civil and criminal penalties for violations of its provisions. The FCPA applies to companies, individual directors, officers, employees and agents. The FCPA also applies to foreign companies and persons taking any action in furtherance of such payments while in the U.S. Under the FCPA, US companies may also be held liable for actions taken by strategic or local partners even though such partners are not subject to the FCPA.

Tariffs and Customs Regulations

The U.S. customs regulations, administered by U.S. Customs and Boarder Protection (CBP) apply to any products entering the U.S. Those regulations cover, among other areas, valuation of goods, classification, recordkeeping requirements, entry formalities, and laws related to duties and tariffs. The U.S. imposes tariffs on certain goods imported from various countries. Tariff rates are generally set forth in the Harmonized Tariff Schedules of the United States (the "HTSUS"). Note that embargoes, antidumping duties, countervailing duties, and other specific matters administered by the U.S. executive branch are not contained in the HTSUS and that various regulations or administrative actions could result in modification of these duties. Section 201 of the Trade Act of 1974, 19 USC § 2101 et. Seq. (the "Trade Act") permits the President of the U.S. to grant temporary import relief by raising import duties or imposing non-tariff barriers (e.g., quotas) on goods entering the U.S. that injure or threaten to injure domestic industries producing similar goods. Section 301 of the Trade Act authorizes the President of the U.S. to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce.

Currently, U.S. and China trade policy has given rise to the imposition of significant additional tariffs on products imported into the U.S. from China, and vice versa, under Sections 201 and 301 of the Trade Act. To date, four lists of products imported from China, identified by HTSUS codes, have been issued with various tariff impositions. The U.S. government also imposed additional tariffs on certain specific products. Depending on the latest development of the trade negotiations between the U.S. and China, the level and number of products subject to additional tariffs may change over time.

OVERVIEW

Our history can be traced back to 2004 when our business was founded by Mr. Wang under Joyson Group, with an initial focus on traditional automotive parts sector. Over the years of development, we have become a world-leading intelligent automotive technology solution provider, offering automotive electronics solutions and automotive safety solutions. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest intelligent cockpit domain control system provider in China and the fourth largest in the world, and the second largest passive automotive safety products provider in both China and the world. According to the same source, we were the second largest independent auto parts supplier in China in terms of revenue in 2023.

In 2011, our business became listed on the Shanghai Stock Exchange (stock code: 600699.SH). As of the Latest Practicable Date, Mr. Wang directly and indirectly through Joyson Group controlled 39.22% of the total issued share capital of our Company. See "Directors, Supervisors and Senior Management" and "Relationship with our Controlling Shareholders" for the background of Mr. Wang and Joyson Group.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2004	Our business was founded and we primarily engaged in provision of high-end automotive functional parts.
2006	We began supplying to certain leading global OEMs.
2008	We became one of the core suppliers of a leading global OEM.
2010	We established a joint operation in Ningbo with Preh GmbH, a global leading supplier of automotive electronics products, tapping into the automotive electronics business.
2011	Our business became listed on the Shanghai Stock Exchange (stock code: 600699.SH).
2012	We acquired Preh GmbH, laying the foundation for our global expansion.

Year	Milestone
2016	We acquired Key Safety Systems, a global leader in automotive safety systems solutions. We started our smart connectivity business by acquiring TechniSat Automotive and founding Ningbo JOYNEXT.
2018	We acquired the core businesses and assets of Takata (excluding phase-stabilized ammonium nitrate business), and founded Joyson Safety Systems by merging businesses of Key Safety Systems and Takata.
2020	We restructured Ningbo JOYNEXT to be the major operating entity of our automotive intelligence business, offering intelligent cockpit solutions, smart connectivity solutions and intelligent driving solutions.
2021	We continued our commitment to innovation with the establishment of the Intelligent Automotive Research Institute and the Advanced Energy Research Institute.
2024	We acquired Senssun, enhancing our strategic position in the new energy vehicle industry chain and smart cockpit sectors.

OUR MAJOR SUBSIDIARIES

Our business operations have been carried out by our Company and our global network of subsidiaries. The following sets forth information about our Major Subsidiaries as of the Latest Practicable Date:

Name	Place of establishment	Date of establishment	Principal business activities
Joyson Safety Huzhou	PRC	July 23, 2007	Automotive safety business
Ningbo Joyson Safety	PRC	January 20, 2017	Automotive safety business
Lingang Joyson	PRC	May 22, 2019	Automotive safety business
Ningbo Preh Joyson	PRC	December 27, 2010	Automotive electronics business
Ningbo JOYNEXT	PRC	September 7, 2016	Automotive intelligence business

Name	Place of establishment	Date of establishment	Principal business activities
JSS LLC	U.S.	December 18, 2017	Automotive safety business
Key Safety Restraint Systems, Inc.	U.S.	September 18, 1997	Automotive safety business
Preh, Inc.	U.S.	September 19, 2005	Automotive electronics business
Joyson Safety Systems Japan G.K.	Japan	January 23, 2018	Automotive safety business
Joyson Safety Systems (Philippines) Corporation	Philippines	April 11, 1997	Automotive safety business
Joyson Safety Systems Hungary Kft.	Hungary	October 11, 2013	Automotive safety business
Joyson Safety Systems Aschaffenburg GmbH	Germany	December 8, 2017	Automotive safety business
Recall Services Europe GmbH	Germany	December 8, 2017	Automotive safety business
Preh GmbH	Germany	April 30, 2003	Automotive electronics business
JOYNEXT GmbH	Germany	July 9, 1990	Automotive intelligence business
JOYNEXT Sp. z o.o.	Poland	March 15, 2016	Automotive intelligence business
Joyson Safety Systems Arad SRL	Romania	May 11, 2018	Automotive safety business
Preh Portugal, Lda.	Portugal	January 1970	Automotive electronics business
Safety Autoparts Mexico S. de R.L.de C.V.	Mexico	November 10, 2017	Automotive safety business
Equipo Automotriz Americana S.A. de C.V.	Mexico	December 17, 1973	Automotive safety business
Joyson Safety Systems Brasil Ltda.	Brazil	May 1959	Automotive safety business

CORPORATE DEVELOPMENT

(1) Our Early History and Listing on the Shanghai Stock Exchange

In 2004, we started automotive parts business and since then operated under Joyson Group.

In August 2010, Liaoyuan Deheng, the predecessor of our Company, entered into a restructuring framework agreement with Joyson Group. Liaoyuan Deheng has been listed on the Shanghai Stock Exchange since December 1993. As part of the restructuring of Liaoyuan Deheng, approximately 21.83% of the then issued share capital of Liaoyuan Deheng was transferred to Joyson Group by November 2010. As a result, Liaoyuan Deheng became owned as to approximately 21.83% by Joyson Group and 78.17% by other minority A Shareholders.

In April 2011, Liaoyuan Deheng entered into an agreement for assets purchase by share issue with, among others, Joyson Group, pursuant to which Liaoyuan Deheng agreed to acquire a controlling stake in the operating entities of our business at that time from Joyson Group and other selling shareholders at a total consideration of approximately RMB887.20 million, which was determined with reference to the appraised valuation of the acquired interest. The consideration was settled by the issue of 206,324,766 A Shares by Liaoyuan Deheng at a price of RMB4.30 per A Share, which was determined after commercial negotiations among the parties in accordance with the applicable regulations. In December 2011, as approved by the CSRC, the transaction was completed. As a result, the operating entities of our business were consolidated under our Company and our business became listed on the Shanghai Stock Exchange. Upon completion, our total share capital was RMB392,048,475 divided into 392,048,475 A Shares, among which, approximately 54.39% was held by Joyson Group and 45.61% was held by other A Shareholders.

(2) Issue of A Shares to Acquire Preh

From March to May 2012, our Company entered into a series of agreements with Joyson Group in respect of our acquisition of 74.9% interest in Preh Holding GmbH and 5.1% interest in Preh GmbH, a global leading supplier of automotive electronics products. Prior to the acquisition, Preh GmbH was a 94.9% subsidiary of Preh Holding GmbH, a company owned as to approximately 74.9% by Joyson Group. Pursuant to the agreements, our Company agreed to acquire 74.9% interest in Preh Holding GmbH and 5.1% interest in Preh GmbH from Joyson Group at a total consideration of approximately RMB1,460.47 million, which was determined after arm's length negotiations with reference to the appraised valuation of the acquired interests. The consideration was settled by our issue of 187,000,000 A Shares to Joyson Group at a price of RMB7.81 per A Share, which was determined after arm's length negotiations with reference to the average price of the 20 trading days prior to the pricing date.

In December 2012, as approved by the CSRC, the transaction was completed. Our share capital increased to RMB579,048,475 divided into 579,048,475 A Shares, and our Company became owned as to approximately 69.12% by Joyson Group and 30.88% by other A Shareholders.

(3) Placing of A Shares to Investors

Subsequently, we completed the following placings of A Shares to investors for fundraising:

Date	Subscribers	Number of A Shares subscribed for	Issue price	Consideration
			(RMB per A Share)	*(RMB in million) Approx.*
April 12, 2013	Six investors[1]	57,096,342	8.53	487.03
September 7, 2015	Six investors[1]	53,224,983	21.20	1,128.37
January 4, 2017	Nine investors[1]	259,919,200	32.01	8,320.01
November 6, 2020	Nine investors[1]	130,821,559	19.11	2,500.00

Note:

(1) To the best knowledge of our Directors, each of the investors was an Independent Third Party.

(4) Repurchase of A Shares and Capitalization Issue

In 2018, our Company repurchased 71,958,239 A Shares, among which 62,958,239 A Shares were cancelled in December 2019 and 9,000,000 A Shares were transferred to the Employee Incentive Scheme. See "— Employee Incentive Scheme" below for details.

In July 2019, our Company issued 350,932,304 A Shares to our then existing Shareholders in proportion to their respective shareholdings by capitalizing the capital reserve of our Company for the purpose of dividend distribution.

(5) Placing of A Shares to Joyson Group

In July 2023, our Company placed 40,616,919 A Shares to Joyson Group at a price of RMB8.99 per A Share, which was determined with reference to the average price of the 20 trading days prior to the pricing date and the dividend distribution by our Company for 2022. The total consideration of RMB365.15 million was used to acquire the minority interest in Ningbo JOYNEXT and for our general working capital. As a result, our share capital increased to RMB1,408,701,543 divided into 1,408,701,543 A Shares.

CAPITALIZATION OF OUR COMPANY

As of the Latest Practicable Date, the shareholding structure of our Company is set out as follows:

Shareholder	Number of A Shares	Approximate percentage of shareholding
		(%)
Joyson Group[1][2]	517,457,701	36.73
Mr. Wang[1]	35,036,959	2.49
Other A Shareholders[3]	856,206,883[4]	60.78
Total	**1,408,701,543**	**100.00**

Notes:

(1) As of the Latest Practicable Date, Joyson Group is controlled and owned as to 57.50% by Mr. Wang, our executive Director and chairperson of the Board. Mr. Wang and Joyson Group are our Controlling Shareholders. Among the Shares held by Joyson Group, 330,473,996 A Shares were pledged to certain PRC commercial banks as security for financings of Joyson Group. For more details, see "Substantial Shareholders."

(2) 40,616,919 A Shares held by Joyson Group are subject to a lock-up period ending on July 13, 2026 as a result of placing of A shares to Joyson Group in July 2023.

(3) To the best knowledge of our Directors, as of December 31, 2024, other A Shareholders included over 100,000 Shareholders each holding less than 5% of our total issued A Shares.

(4) Including 12,664,015 A Shares repurchased and held in our Company's stock repurchase account.

MATERIAL ACQUISITIONS AND DISPOSALS

Senssun is listed on the Shenzhen Stock Exchange and is engaged in the provision of automotive parts, including smart cockpits products and new energy electric charging and distribution products, and other products such as weighing apparatus. According to the published financial reports of Senssun prepared under PRC GAAP, for each of the years ended December 31, 2022, 2023 and the nine months ended September 30, 2024, Senssun recorded a revenue of RMB4,816.8 million, RMB5,788.1 million and RMB1,447.6 million, respectively.

In July 2023, our Company entered into a share transfer agreement with certain shareholders of Senssun to acquire 10,600,000 shares of Senssun at a price of RMB31.00 per share and a total consideration of RMB328.6 million, determined with reference to the last trading price of Senssun before the agreement date. Upon completion of the share transfer, our Company became interested in approximately 8.03% of Senssun.

We further acquired shares of Senssun on-market and increased our interest therein since then, and has been the single largest shareholder of Senssun since September 2024. As of the Latest Practicable Date, we held 32,037,000 shares of Senssun, representing approximately 24.26% of its total issued share capital.

In December 2024, we gained control and consolidated the results of Senssun. Prior to that, Mr. ZHAO Yukun (趙玉昆) was the controlling shareholder of Senssun, and, together with his then concert parties, Mr. CHEN Bo (陳博) and Mr. WANG Xianche (王咸車), held approximately 28.28% interest in Senssun as of November 20, 2024. Considering Mr. ZHAO Yukun ceased to hold any management roles or responsibilities within Senssun, on November 28, 2024, Mr. ZHAO Yukun, Mr. CHEN Bo and Mr. WANG Xianche terminated their acting-in-concert agreement. In support of our control of Senssun, each of Mr. ZHAO Yukun and Mr. CHEN Bo has further undertaken not to seek control of Senssun and will vote for the resolutions to appoint directors nominated by us in the general meetings of Senssun. On the same date, our Company initiated the board restructuring of Senssun with a majority of the board members nominated by our Company. Such nomination was approved by the shareholders of Senssun on December 18, 2024, formally acknowledging our position to control a majority of the board composition of Senssun.

None of the applicable percentage ratios as defined under the Listing Rules in respect of our acquisition of Senssun exceeds 25%, which would require disclosure under Rule 4.05(A) of the Listing Rules.

As advised by our PRC Legal Advisor, we have legally and properly completed and settled the aforementioned acquisition, and obtained all necessary regulatory approvals in the PRC with respect to the aforementioned acquisition.

During the Track Record Period and as of the Latest Practicable Date, save as disclosed above, we did not conduct any material acquisition or disposal.

EMPLOYEE INCENTIVE SCHEME

In order to incentivize our employees, we adopted the Employee Incentive Scheme on November 1, 2021 and 9,000,000 A Shares were held by the Employee Incentive Scheme for the eligible scheme participants. See "Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Senior Management — Employee Incentive Scheme" for details.

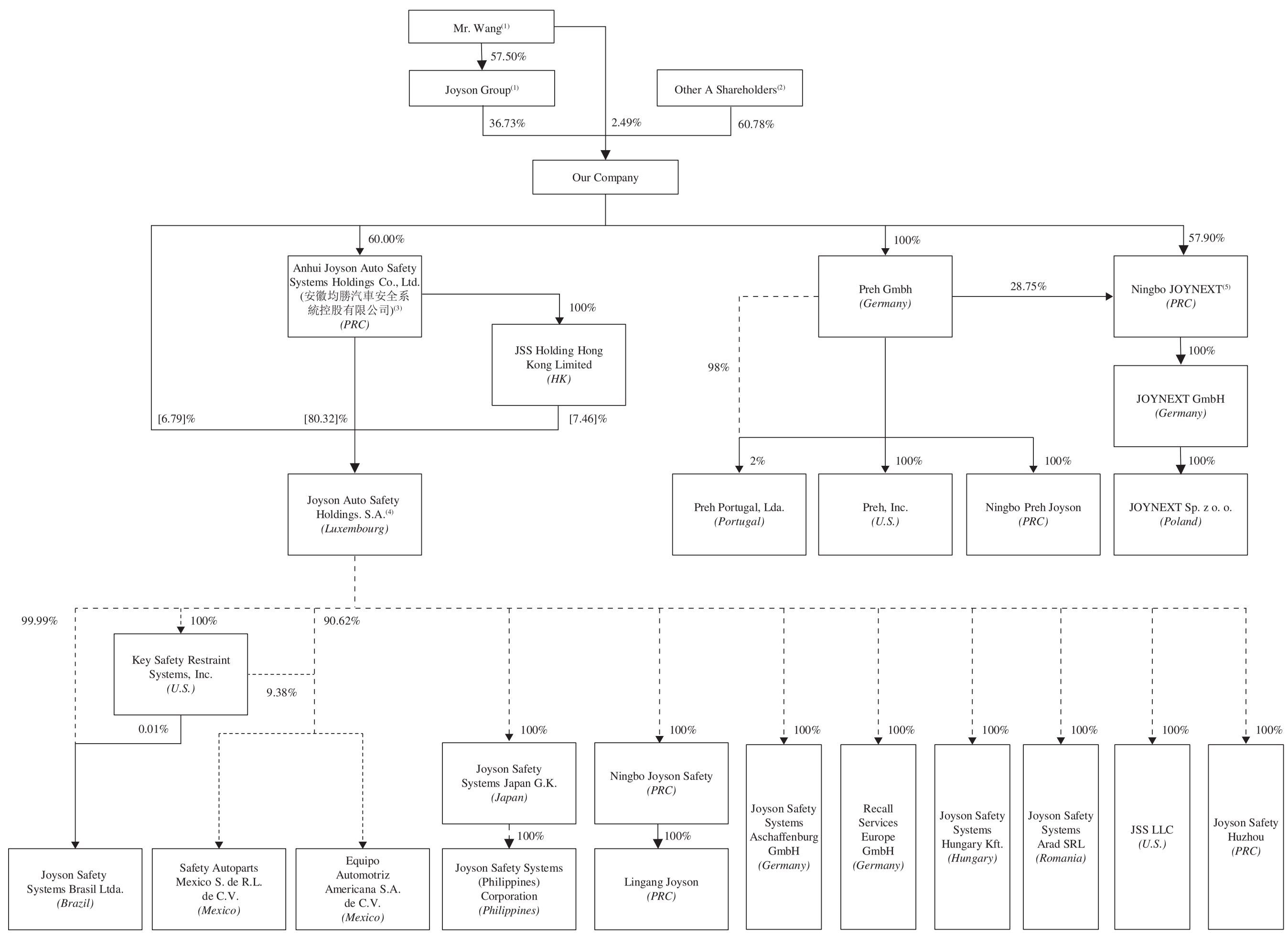
OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Company is currently listed on the Shanghai Stock Exchange. Our Directors confirmed that, and our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in all material respects.

Our Company seeks to be [**REDACTED**] on the Stock Exchange in order to further advance our globalization strategy, allow better access to the international capital market, enhance our capabilities to attract more overseas investors and optimize our international brand image, which in turn may further enhance our overall competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

CORPORATE STRUCTURE

The following chart sets forth our simplified corporate structure immediately prior to the [**REDACTED**] (assuming no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]):



Notes:

(1) As of the Latest Practicable Date, Joyson Group was owned as to 57.50% by Mr. Wang and 42.50% by Ms. DU Yuanchun (杜元春), mother of Mr. Wang. Mr. Wang and Joyson Group are our Controlling Shareholders. Apart from our business, Joyson Group and its subsidiaries were engaged in the businesses of investment holding, property development, intelligent manufacturing and others. See "Relationship with Our Controlling Shareholders" for more details. Mr. Wang and Ms. Du Yuanchun are not parties acting in concert in respect of their respective interest in Joyson Group.

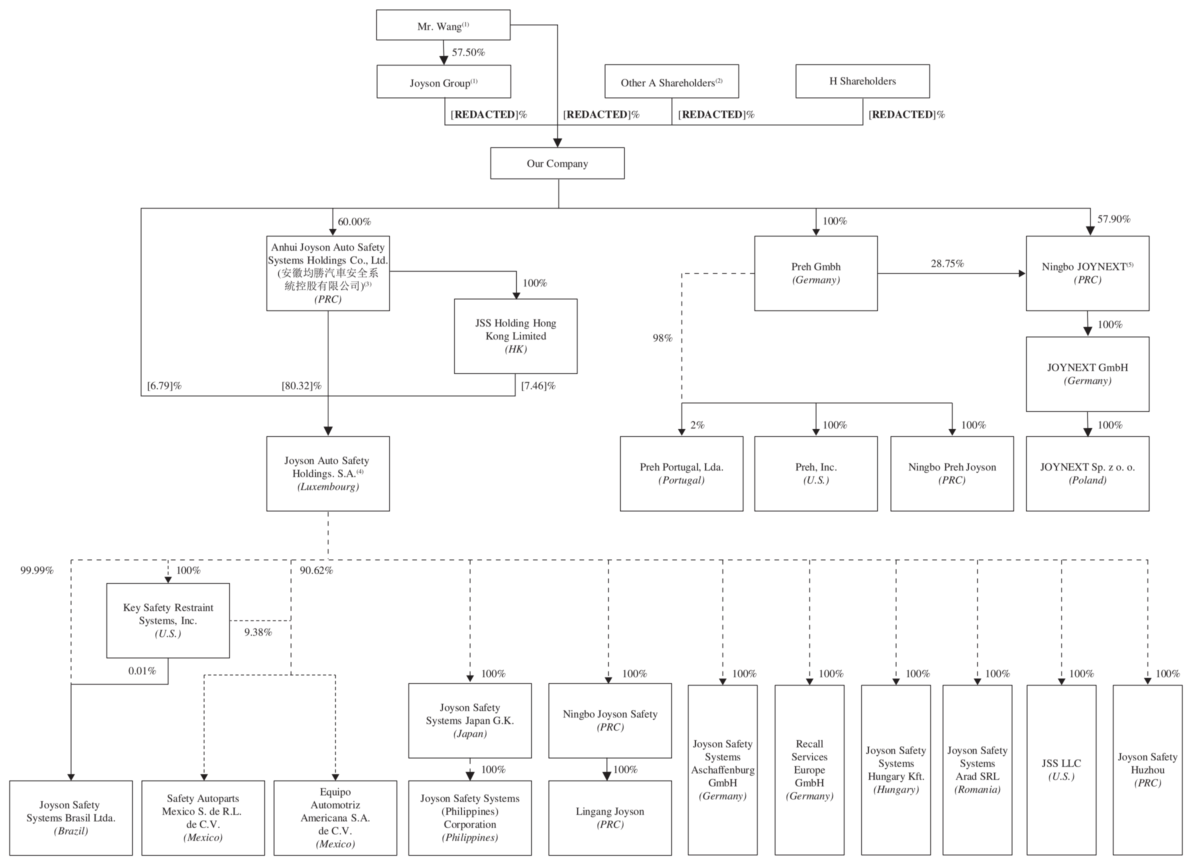
(2) To the best knowledge of our Directors, there were over 100,000 other A Shareholders as of December 31, 2024.

(3) As of the Latest Practicable Date, the remaining interest of Anhui Joyson Auto Safety Systems Holdings Co., Ltd. was owned by six strategic investors, each of which is a registered private equity fund or institutional investor holding no more than one-third interest therein. To the best of our knowledge, such investors and their respective ultimate beneficial owners are Independent Third Parties.

(4) Joyson Auto Safety Holdings. S.A. indirectly holds the interests in the relevant subsidiaries. As of the Latest Practicable Date, the remaining interest of Joyson Auto Safety Holdings. S.A. was owned by PAGAC Tea Holdings I Ltd., a private investment firm and an Independent Third Party. To the best of our knowledge, both PAGAC Tea Holdings I Ltd. and its ultimately beneficial owner are Independent Third Parties.

(5) As of the Latest Practicable Date, the remaining interest of Ningbo JOYNEXT was owned by four strategic investors, all of which are registered private equity funds holding no more than one-third interest therein. To the best of our knowledge, such investors and their respective ultimate beneficial owners are Independent Third Parties.

The following chart sets forth our simplified corporate structure immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] has not been exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]):



Notes:

(1) to (5) See the respective notes to the corporate structure chart immediately prior to the completion of the [**REDACTED**] as set out above.

OVERVIEW

Our Mission

Joy and Safety on, Joyson (讓全球每一程旅途愉悦、安心).

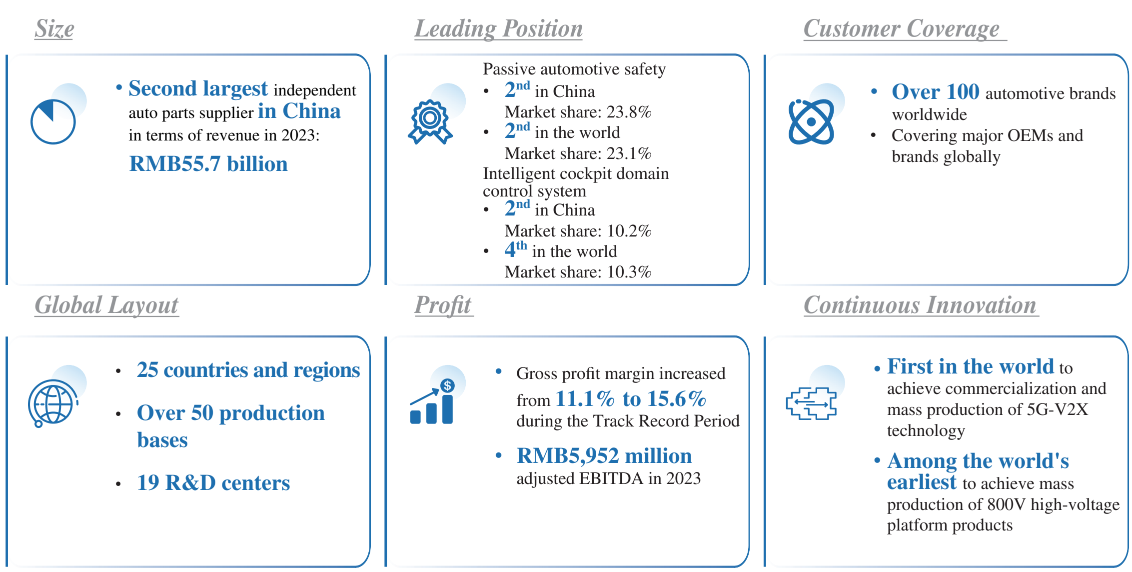
Our Vision

Light up every trip in the world with our intelligent automotive technology (讓我們的智能汽車科技點亮全球每一次出行).

Who We Are

We are a world-leading intelligent automotive technology solution provider, offering advanced products and solutions across the automotive industry's key areas mainly including automotive electronics and automotive safety. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest intelligent cockpit domain control system provider in China and the fourth largest in the world, and the second largest passive automotive safety products provider in both China and the world. According to the same source, we were the second largest independent auto parts supplier in China in terms of revenue in 2023.

Leveraging on our platform-based and modularized technology system and global R&D, production and sales network, we pioneer in advancing the intelligence and electrification transformation of the global automotive industry. The following chart illustrates our proved market leadership and global layout:

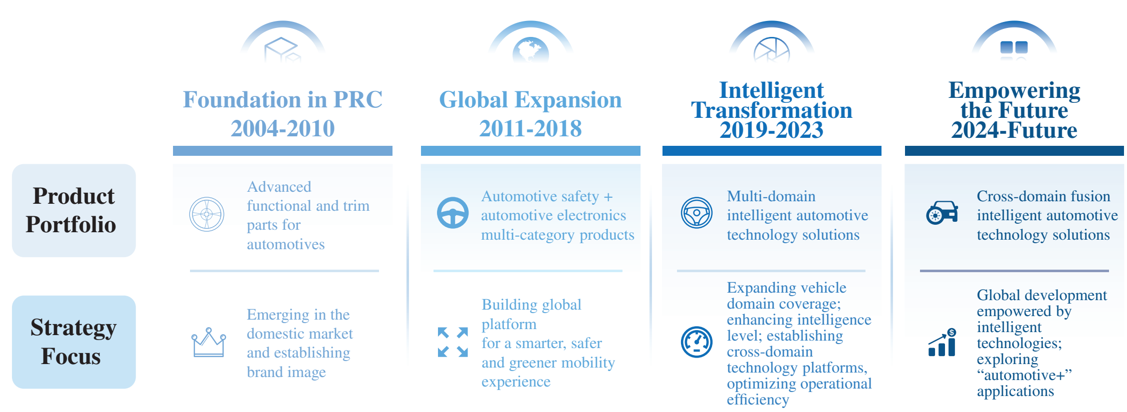


We are one of the few Chinese intelligent automotive technology companies that have built a highly global platform and achieved synchronous R&D, supply chain deployment, production and sales network with global OEMs. As of September 30, 2024, we had 19 R&D centers and over 50 production bases around the world, covering major automotive markets including Asia, Europe and North America. Our globalization strategy has proven successful, with overseas sales contributing to 76.3% of our total revenue in 2023. In addition, we were ranked first in the Top 100 Chinese Multinational Corporations and Multinational Index (中國跨國公司100大及跨國指數) for four consecutive years from 2021 to 2024, demonstrating the scale of our global operations.

The industry trends of intelligence and electrification are ushering the global automotive industry into a new era. Numerous emerging NEV brands are rapidly springing up, with disruptive intelligent electrification technologies. According to Frost & Sullivan, the global sales volume of NEVs increased rapidly from 2.2 million units in 2019 to 15.1 million units in 2023. This market is further expected to increase from 19.0 million units in 2024 to 38.0 million units in 2028, representing a CAGR of 18.9%. The emergence and prevalence of NEVs has paved the way for the proliferation of intelligent and electrification technologies. Such trends present both opportunities and challenges for traditional OEMs, prompting them to embrace new technologies and solutions. As intelligent cockpits, intelligent driving and other user-centric intelligent functions become crucial factors in consumers' decision-makings, global OEMs are placing increasing importance on intelligent automotive technologies. These trends offer us substantial growth opportunities.

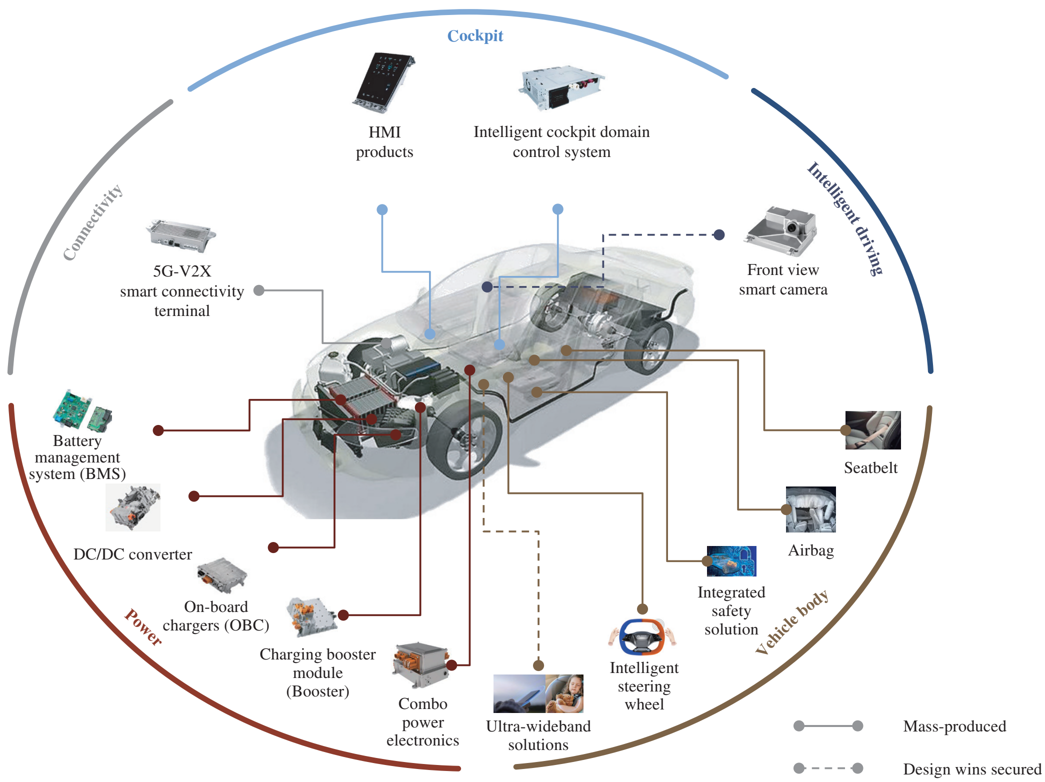
We believe our long-term investment in global platforms and intelligent automotive technologies lays a crucial foundation for us to adapt to the trends of intelligence and electrification with our industry partners. We have a strong customer base worldwide. Some of our subsidiaries have maintained business relationships with certain customers for over one century. As of September 30, 2024, our customers included more than 100 automotive brands worldwide. Our customers included the top ten OEMs in both China and the world. Leveraging our advanced technologies and cross-domain solutions in automotive electronics and automotive safety and our global customer network, we empower global OEM customers to create a smarter, safer and greener mobility experience.

Through organic development and strategic acquisitions, we have evolved from a company merely offering individual auto parts in China to a world-leading provider of intelligent automotive technology solutions, with cross-domain products and advanced technological capabilities.



Our Products and Solutions Portfolio

We offer two main categories of solutions, namely, automotive electronics and automotive safety solutions. Our automotive electronics solutions primarily include automotive intelligence solutions, E-mobility solutions and HMI products. Our automotive safety solutions primarily offer airbags, seatbelts, intelligent steering wheels and integrated safety solutions. By combining our expertise in automotive safety, domain controllers, E-mobility and HMI, we provide comprehensive solutions to OEMs through close collaboration from initial product definition to manufacturing. The following illustration sets forth our product portfolio:



Our products and solutions are diverse and complementary by covering key vehicle domains including cockpit, intelligent driving, connectivity, power and vehicle body. We integrate technological capabilities in areas such as automotive safety, domain controllers, E-mobility and HMI while fostering synergies amongst them, and thus developing comprehensive products and solutions, such as cockpit-driving fusion domain controller and central computing unit ("**CCU**") that offer full-suite functionalities encompassing intelligent driving, intelligent cockpit and connectivity. In addition, by combining our experience in automotive safety and automotive electronics, we have developed innovative solutions such as the Pyrotechnic Battery Disconnect ("**PBD**"), Driver Monitoring System ("**DMS**") and Occupant Monitoring System ("**OMS**"). These solutions enhance the safety of intelligent NEVs and empower a higher level of automotive electrification and intelligence.

Our Customers

We have a broad customer base worldwide covering industry leading players. As of September 30, 2024, our OEM customers had covered more than 100 automotive brands worldwide, and represented a combined market share exceeding 90%, according to Frost & Sullivan. Our customer base covered the top ten OEMs in both China and the world and had a broad and in-depth engagement with leading EV brands worldwide.

We work closely with leading global OEMs on an international scale across multiple fields, from the preliminary research and joint development of new technologies to efficient global mass production and continuous iteration and localized efficient service response, to fully meet their needs for leading technology, optimal quality, reliable mass production capacity and rapid response. We believe that the strategic cooperation with our OEM customers is crucial in supporting their efficient iteration of products, enabling our OEM customers to stay ahead in the swiftly evolving landscape of automotive industry with intelligence and electrification trend.

Our Group has built long-lasting partnerships with core customers, creating a strong foundation of trust. Preh GmbH brings around decades of experience in automotive electronics and has developed decades-long relationships with leading global OEMs. Similarly, Joyson Safety Systems has maintained partnerships with global OEM customers for over a century. We believe that we have gained a profound understanding of our OEM customers' development processes and internal technical specifications, which enables us to enhance collaborative development and production efficiency, leading to our success in fostering strong relationship with our customers.

Our Value Proposition

Empowering global OEM customers to achieve intelligence and electrification transformation

We are at the forefront of global innovation in automotive intelligence and electrification technology. Fully leveraging the profound technology accumulation in overseas market and the first-mover advantages in automotive intelligence and electrification transformation in China's market, we are committed to developing market-leading intelligent automotive functions and features. This strategic approach enables us to facilitate the transformation of our global OEM customers towards intelligence and electrification.

According to Frost & Sullivan, we are among the world's pioneering suppliers to achieve mass production of 800V high-voltage fast-charging platform products. For example, we developed the world's first 800V high-voltage Booster and DC/DC converter for an international luxury car brand's first EV model on their global vehicle platform. We are advancing into cutting-edge fields such as intelligent driving and smart connectivity, and we became the world's first company to mass-produce 5G-V2X solutions for OEM customers, further cementing our position as leaders in technological advancement, according to Frost & Sullivan.

We believe that, as the trend of centralization of automotive E/E architectures evolves, our cross-domain product portfolio is uniquely positioned to address our OEM customers' evolving demands for highly integrated solutions, ensuring that our customers remain competitive in a rapidly changing industry landscape.

Utilizing a comprehensive global system of R&D, supply chain, production and sales support to deliver OEM customers global optimal solutions

We have established a highly global platform network, with R&D centers and factories located in China, other parts of Asia, Europe and North America. Leveraging our extensive experience in global operations, we optimize resource allocation efficiently across various regions worldwide, enabling us to provide OEM customers with superior R&D, supply chain and production solutions on a global scale, while also ensuring rapid and effective local response. Our R&D teams in specific regions may be tasked to lead individual projects based on their respective strengths and resources, and share their results across our network. This global business framework facilitates our continued success in securing overseas design wins. Furthermore, when serving certain major foreign markets, our global network in China and overseas works together to meet customer requirements by leveraging China's development in intelligent automotive technologies and supply chain.

Facilitating the Global Expansion of Chinese OEMs

Chinese OEMs are accelerating the expansion of their production capacity and market presence overseas. Our global network provides Chinese OEMs valuable market insights when entering into overseas market. Leveraging the benefits of our global framework, we are able to offer localized research and production services to Chinese OEMs, swiftly supplying them with our products and solutions developed for the local markets. For example we support emerging Chinese EV brands in their international expansion through our localized product offerings, which meet local regulations and standards and quickly adapt their vehicle models to overseas markets. We further leverage our existing expertise and knowhow in our customers' targeted markets and empower them in domestic regulatory compliance from R&D, product standards to production, accelerating their time-to-market and facilitating their expansion in the global market. In addition, we entered into a global strategic cooperation agreement with a major domestic EV brand in September 2024. Through our branches in 25 countries and regions, we aim to support its international expansion by providing our comprehensive overseas expertise in product development, testing, manufacturing and regulatory compliance.

Our Technology and R&D

A global R&D platform for intelligent automotive technology

In 2022, 2023 and the nine months ended September 30, 2024, our research and development expenditure (including capitalized and expensed portions) amounted to RMB3,033.9 million, RMB3,648.0 million and RMB2,558.6 million, respectively. As of September 30, 2024, we had 5,528 R&D specialists, representing 13.0% of our total employees and an industry leading level in China. We have 19 R&D centers around the world, covering major automotive markets such as Asia, Europe and North America.

Our engineers across different regions collaborate in the R&D and product design, forming a synergistic global innovation network with rapid response capabilities, significantly accelerating the R&D cycle for new products. For example, in the nine months ended September 30, 2024, the development cycle for our new HMI products was 12 to 18 months, significantly lower than 18 to 24 months in the same period in 2022.

Comprehensive soft- and hardware R&D platform

We develop, design and produce in-house the hardware for our core products such as battery management systems and domain controllers from the ground up, while developing the corresponding core software in the meantime. By adopting a platform-based and modular R&D strategy, we place importance on the cost efficiencies throughout the entire project lifecycle from the R&D stage. As such, the underlying technology platform of our products is highly adaptable and can be extensively reused across various OEMs' vehicle platforms, significantly reducing R&D costs, shortening development cycles and enabling us to swiftly align with customer iteration demand.

Our comprehensive in-house development capability and integration of hardware and software allow us to be more flexible in adapting and iterating to meet customer needs in a cost-efficient manner. Combined with our global engineering resources, we believe that we are well-positioned to deliver customized products to our customers, thereby establishing our differentiated competitiveness.

Industry certification and OEM recognition

Our R&D system is robust and adheres to high standards. Our core R&D centers have received various certifications such as CNAS. Our product development process complies with A-SPICE process and has obtained ASIL-D level certification, the highest level of automotive functional safety. Our automotive electronics solutions, including smart connectivity solution and intelligent cockpit products, have obtained the TISAX AL3 certification, representing the highest level of TISAX assessment, cyber security standard widely recognized by participants across the global automotive industry supply chain. In addition, our products meet the differentiated development and certification requirements of various OEM customers, due to their high level of technical sophistication, reliability and compatibility. As such, we gained high recognition from our OEM customers, and conducted various joint R&D with our OEM customers to develop innovative automotive electronics and safety solutions. For example, we collaborated with a well-known domestic OEM to jointly develop a high computing power domain controller for autonomous driving. Through years of involvement in large-scale international mass production projects, our software and hardware development have gained extensive experience and validation.

As of September 30, 2024, we have contributed to the formulation of numerous industry standards and held a wide matrix of patents globally. Our PBD technology, capable of disconnecting the automotive high-voltage circuit system within 1 ms, was awarded the 2022 Innovation Award of European Association of Automotive Suppliers (Clean & Sustainable Mobility) and has been successfully mass-produced for NEVs by world-renowned OEMs. Our elastomer locking tongue was awarded with Advanced Body System Gold Award (前瞻車身系統類金獎) at the 8th China Auto Parts Industry Awards (鈴軒獎) in 2023.

Our Financial Performance

During the Track Record Period, along with the reorganization of our global business and the improvement of operation efficiency, as well as the development of our automotive intelligence business, our operating results and profitability improved significantly.

Our gross profit increased by 45.4% from RMB5,542.0 million in 2022 to RMB8,056.9 million in 2023, and increased by 14.2% from RMB5,611.5 million in the nine months ended September 30, 2023 to RMB6,411.0 million in the nine months ended September 30, 2024.

Our gross profit margin increased from 11.1% in 2022 to 14.5% in 2023 and further increased to 15.6% in the nine months ended September 30, 2024.

Our net profit increased significantly from RMB233.3 million in 2022 to RMB1,240.1 million in 2023, and increased by 45.2% from RMB869.8 million in the nine months ended September 30, 2023, to RMB1,262.9 million in the nine months ended September 30, 2024.

OUR STRENGTHS

World-leading Intelligent Automotive Technology Solution Provider Steadily Reinforcing Industry Leadership

Automotive electronics

We are the leader in multiple subdivisions of automotive electronics. According to Frost & Sullivan, we were the second largest intelligent cockpit domain control system provider in China and the fourth largest in the world in terms of revenue in 2023. During the Track Record Period, the sales volume of our intelligent cockpit domain control systems had exceeded 10 million units.

According to Frost & Sullivan, we are among the world's pioneering suppliers to achieve mass production of 800V high-voltage platform products. We are also one of the industry's pioneers in the BMS sector, with more than a decade of experience in this field. Our products empowered the world's first mass-produced vehicle model equipped with 800V high-voltage fast-charging platform. In 2023, we secured new design wins valued at over RMB13.0 billion for the full life cycle of 800V high-voltage platform projects. We developed the world's first high-voltage Booster and DC/DC converter.

In addition, we are advancing into cutting-edge fields such as intelligent driving and smart connectivity, and were the first company globally to commercialize 5G-V2X technology and realize mass-production. Our 5G-V2X technology offers sub-meter accuracy navigation and high-precision positioning algorithms that integrate V2X and high-precision maps. We also play a significant role in developing multiple V2X industry standards, such as The Requirements for Enhanced V2X Application Layer Data Interaction (增強的V2X業務應用層交互數據要求) with CCSA.

Automotive safety

According to Frost & Sullivan, we were the second largest passive automotive safety products provider in both China and the world with a market share of 23.8% and 23.1% in terms of revenue in 2023, respectively. In addition, we are one of the largest suppliers of steering wheels, seat belts and air bags in the world in terms of revenue in 2023, with a market share of 35.4%, 22.8% and 19.1%, respectively. With a proven track record and extensive experience in the automotive safety industry, we possess top-tier technical capabilities and extensive customer resources, and continue to develop advanced automotive safety technologies.

We are among the few companies worldwide with the capability to design, develop, test, verify and mass-produce automotive safety products. With decades of profound technical expertise in core areas such as cushion fabric, propellants, inflators, retractors, buckles, pre-tensioners, foaming technology and other new materials, we deliver products that meet the stringent quality standards of automotive safety. We are at the forefront of R&D for next-generation automotive safety products, including advanced airbag materials, DMS, OMS, PBD and hood lifters. Joyson Safety System has maintained partnerships with global OEM customers for over a century, leading the way in navigating the extensive and rigorous certification processes mandated by both our customers and regulators, thereby establishing ourselves as the industry pioneer. In addition, we have actively participated in the formulation of automotive safety product standards worldwide.

We are well positioned to capitalize on further growth opportunities and have secured robust design wins that are expected to underpin the steady increase in our global market share. In addition, we are poised to further benefit from the increasing global market share of Chinese OEMs. Amidst the shift towards electrification, the global presence of Chinese OEMs is expected to grow. As the only global leader in the automotive safety industry that has fully localized its operations from decision-making to R&D and production in China, we are well-positioned to efficiently respond to customer demands and establish a comprehensive technological and brand advantage over local Chinese suppliers. Our reach extends across China's major traditional OEMs and NEV companies. Beyond supporting Chinese OEMs in the domestic market, we also engage in deep collaboration to facilitate their global expansion.

Collaborative Global Platform Encompassing Entire Value Chain and Enabling Optimal Resource Allocation

We have R&D, supply chain, and production facilities and sales network strategically located in major automotive markets worldwide, ensuring that we are well-positioned to serve major markets and customers effectively. As of September 30, 2024, we operated 19 R&D centers and over 50 production bases across Asia, Europe and North America, supported by a substantial workforce of overseas employees. As of September 30, 2024, we had 38,492 overseas employees.

Product Design and R&D. We have a global R&D team that shares a unified advanced development toolchain, enabling collaboration among specialists across different regions and establishing a rapidly responsive global innovation network ecosystem. This efficient R&D collaboration across geographies not only allows us to address customer demands locally but also enables us to capitalize on the advanced R&D capabilities worldwide and cost efficiency of local resources in China.

Sales. Overseas OEMs highly value historical partnerships when choosing suppliers, resulting in substantial entry barriers. Nonetheless, our expansive global customer network enables us to rapidly connect with customers worldwide, offering intelligent technologies developed in China. Our customer base covered the top ten OEMs in both China and the world. We also had a broad and in-depth engagement with leading EV brands worldwide.

Supply Chain and Production. We organize our supply chain flexibly on a global scale, sourcing materials both from local markets and through our worldwide network, optimizing costs while securing essential raw materials. We enhance synergy among overseas business entities to deliver optimal solutions for customers worldwide, improving both quality and efficiency. Furthermore, we implement an optimal cost strategy by relocating production from high-cost countries to more cost-effective regions. By leveraging management talent and China's expertise in intelligent manufacturing in our international operations, we continually enhance the operational efficiency of our overseas factories.

Deep Vertical Integration of Soft- and Hardware Forming Core Value Barrier

Our deep vertical integration of software and hardware solutions is crucial for enhancing our product value and core competitiveness. We develop, design and produce in-house hardware for our core products such as domain controllers and battery management systems from the ground up, while developing the corresponding core software that optimizes hardware performance. This approach exemplifies our modular and platform-based product development.

The underlying technology platform of our products is highly adaptable and can be extensively reused across various OEMs' vehicle platforms, significantly reducing R&D costs, shortening development cycles and enabling us to swiftly align with our customer's iteration demand.

For domain controllers, we possess comprehensive technological capabilities, ranging from the software and hardware design of the basic layer, the software development of the middle layer and the function development of the service layer to the HMI interface, which enables us to provide customers with one-stop solutions. For example, our in-house software system for the intelligent cockpit domain control systems supports hypervisor virtual isolation technology, various middleware and development tools. It is compatible with multiple operating systems and meets OEM's customized needs. Furthermore, we have collaborated with leading intelligent cockpit chip manufacturers, positioning us as one of the platforms with the broadest range of compatible chips, fully catering to the diverse needs of various customers.

Additionally, our E-mobility solutions include on-board charging systems, power conversion systems and battery management systems, with the capability to integrate power charging and distribution. Our product line includes Boosters, OBCs and DC/DC converters, and can be provided as individual products or as combo boxes. We also adopt a strategy of deep vertical integration of software and hardware for our BMS solutions, providing not only the critical hardware but also AUTOSAR-compliant basic software layer, application-layer software and key algorithms to better meet our customers' needs. Our BMS solutions can be offered as distributed system or integrated system, both connecting the control board directly to battery cells or modules, efficiently managing all electronic hardware.

Comprehensive Product Portfolio with Strong Synergy Potential

We offer OEM customers solutions across domains including cockpit, intelligent driving, connectivity, power and vehicle body. Our businesses are diversified and complementary, ranging from providing integrated solutions to globally-organized R&D, supply chain, and manufacturing and sales, all characterized by strong synergies, resource sharing and concerted growth potential.

We integrate the underlying technical capabilities in areas such as automotive safety, automotive intelligence, E-mobility solutions and HMI products, facilitating the development of our automotive electronics and automotive safety businesses in synergy. We have developed a CCU that integrates intelligent driving, intelligent cockpit and connectivity, providing centralized, intelligent and efficient solutions for OEMs. For example, based on our in-house technologies in both automotive electronics and automotive safety, we developed PBD capable of disconnecting the automotive high-voltage circuit system within 1 ms, which was awarded the 2022 Innovation Award of European Association of Automotive Suppliers (Clean & Sustainable Mobility) and has been successfully mass produced for NEVs by world-renowned OEMs. In addition, we integrate DMS with the automotive safety system, enhancing the functionality of our integrated solutions with features such as motorized belt pretensioning and vibration alerts. Furthermore, we incorporate the touch-interactive technology from our automotive electronics business into the steering wheel hands-off detection technology to enhance the overall performance of steering wheels.

In addition, we offer customers comprehensive solutions ranging from back-end intelligent cockpit domain control systems to front-end intelligent HMI products to meet the specific needs of their vehicle models. These solutions incorporate our proprietary algorithms and supporting software for the basic, middle and service layers, as well as the front-end intelligent HMI panel.

Our automotive intelligence, E-mobility solutions, HMI products and automotive safety products benefit from shared global supplier resources and customer access. A shared global supply network enhances our bargaining power, strengthening our cost efficiency through economies of scale, improving our profitability while ensuring quality. The customer resources channels help us reduce customer acquisition costs and enhance the customer experience.

High-quality Global Customer Base

We have extensive coverage of high-quality OEM customers worldwide. During the Track Record Period, our customers included the top ten OEMs in the world by sales volume. We empower their vehicle models across global markets. We also served the top ten OEMs in China by sales volume. We have broad and in-depth engagement with leading EV brands worldwide, such as a leading U.S. smart EV brand, and the emerging EV brands in China. Our products are also recognized by some of the world's foremost ultra-luxury car brands.

We conduct joint R&D with our customers to develop innovative automotive electronics and safety products and solutions. We collaborated with a well-known domestic vehicle manufacturer to jointly develop a high computing power domain controller for autonomous driving. Our collaboration in the automotive safety field included a "leap-over" airbag that deploys safely around large vehicle display screens, addressing the safety requirements of NEVs with central control displays.

We have successfully won prestigious awards, including the "Excellent Service Performance Award (優秀服務表現獎)" and "Excellent R&D Performance Award (優秀研發表現獎)" from one of our major customers, and "Ideal Value Award" from a leading NEV brand in China.

Global Intelligent Manufacturing System Empowering Production Efficiency

We are continuously expanding our intelligent manufacturing capabilities by upgrading our factories utilizing AI, big data and 5G communication technologies. We have improved production efficiency in certain of our factories by implementing systems that automatically schedule production, manage materials and monitor quality and waste. We aim to further enhance process automation, platform flexibility, information-driven operations and business intelligence. For example, our Preh GmbH factory in Ningbo for automotive electronics solutions has been recognized as "Future Factory" in Zhejiang, "Intelligent Manufacturing Pilot Demonstration" and "China Benchmark Smart Factory" by the MIIT. This factory has been equipped with frontier technologies, achieving a high level of automation in production, along with its refined management and smart logistics. In addition, we have enhanced our intelligent manufacturing systems at our new factory in Hefei by integrating the SAP-LES-MES system, which automates the management of production, warehousing and logistics.

We have developed a comprehensive production collaboration system. We consistently enhance the production efficiency, the standardization of full manufacturing processes through sharing management experience, as well as collaborations of factories across regions. As part of our efforts to realize "Industry 4.0" digital transformation, we cooperate with PIA Automation, a leading supplier of industrial equipment and automated manufacturing solutions, to customize intelligent manufacturing equipment for assembly and inspection, as well as related digital software research and development services.

Leadership with Global Vision and Extensive Industry Experience

Our management team possesses a global vision and rich industry experience. They spearhead our businesses with profound insights into industry trends, R&D, customer engagement and manufacturing. Our founder, executive Director and chairperson of the Board, Mr. WANG Jianfeng has more than 30 years of experience in automotive industry and played a pivotal role in identifying industry trends and opportunities since our inception, expanding our layout globally through strategic acquisitions and resource consolidation and leading our organic growth with a relentless focus on innovation.

Our leadership is supported by a senior management team comprising of industry veterans who have rich expertise in the market, technologies and R&D. They have an average of over 20 years of experience in automotive safety industry and automotive electronics industry. The leaders of our core subsidiaries have extensive experience working at top domestic and international OEMs, auto parts suppliers and technology companies such as Volkswagen and Thyssenkrupp, bringing a global perspective to their roles. In line with our vision of satisfying OEM customers' needs with technology innovations, we have successfully developed comprehensive in-house R&D and engineering capabilities. To fuel our continued success in the automotive safety industry and automotive electronics industry, we seek to leverage our management team's extensive industry experience and proven track record, as well as our robust talent pool and talent development and training systems.

OUR STRATEGIES

Continuously Promoting Innovation in Intelligent Technologies

In response to the growing trend of intelligence, we are committed to continuously upgrading and optimizing our offerings in intelligent cockpits, intelligent driving and smart connectivity, while further developing cross-domain products and solutions and exploring the application of AI technologies in intelligent automotive sector. Our robust innovation capacity is at the core of these efforts, enabling us to stay ahead in a rapidly evolving market.

By collaborating with partners across the industrial chain, we aim to make significant contributions to the creation of "smart travel + third living space" (智慧出行+第三生活空間), a concept that envisions vehicles as not just modes of transport but as integral parts of our daily living environments.

In addition, we plan to enhance the integration of AI technology into our intelligent products, focusing on the following areas:

- ***Intelligent Cockpits and Intelligent Driving:*** We plan to continue developing more advanced intelligent cockpits and intelligent driving solutions. Moreover, we expect to upgrade the core technology of domain controllers and develop a new generation of fusion domain controllers, including the CCU. This technological advancement allows us to offer a comprehensive solution that integrates intelligent driving, intelligent interaction, and multi-scenario experiences.

- ***Smart Connectivity:*** We plan to advance the R&D and commercialization of frontier technologies including the synchronization of vehicle, road, human and cloud. We endeavor to ensure our solutions remain at the forefront of industry innovation.

- ***Passenger and Vehicle Body Security***: We are exploring software and E/E architecture enhancements to strengthen passenger and vehicle body security, for example the liveness detection solutions. Moreover, our zonal controller solution, integrated with edge computing, reduces the complexity of the E/E architecture, thereby minimizing risks from both systematic failures and random hardware malfunctions. This ultimately reduces potential hazards arising from functional anomalies in the electronic and electrical systems.

- ***Software and Services:*** We plan to continuously enhance the technical capabilities of basic software layer, middleware layer, and application-layer software to cloud services of automotives. This ongoing development ensures we maintain a leading position in technology amidst the industry's shift toward software-defined vehicles.

- ***Expansion into Adjacent Emerging Areas:*** We are exploring opportunities to apply our expertise beyond the automotive sector, identifying new potential applications and markets, such as eVTOLs, that align with our technological capabilities and future growth strategy.

Strengthening Leadership amidst Electrification Trend

Leveraging our deep understanding of the automotive electrification trend and our extensive experience in automotive safety and automotive electronics, we plan to explore advanced applications of emerging technologies in the NEV sector.

We plan to continue to collaborate closely with leading international OEMs to jointly develop new products, supporting their transition to NEVs. This collaboration will not only help our partners adapt to industry trends but also reinforce our leadership position as we expand our customer base and deepen collaborations.

For E-mobility solutions, we aim to maintain our leadership in 800V high-voltage fast charging and actively advance the development of the next generation of on-board power electronic products. Additionally, we plan to accelerate the R&D and commercialization of on-board power electronics, including wireless charging products, ultra-fast charging technologies, and multi-function DC/DC converters for the next generation of NEVs.

Enhancing Global Integration and Optimizing Cost Structure and Operation Efficiency

We plan to further optimize our cost structure and enhance operation efficiency by deepening the integration of our global business across multiple dimensions.

Supply Chain

We recognize the critical importance of creating a cohesive and efficient procurement system on a global scale to ensure we consistently meet customer demands with high-quality products and services. We plan to progressively unify our global procurement processes, which will serve as a cornerstone for achieving greater operation efficiency and cost-effectiveness. By actively enhancing collaborative procurement efforts among our subsidiaries, we aim to fully leverage economies of scale, thereby reducing costs and increasing our competitive advantage in the market. We value the resilience and reliability of our supply chain and endeavor to continuously optimize our supply resources. By managing and diversifying our supplier base, we plan to mitigate potential supply chain risks, such as disruptions or shortages. We are developing and nurturing new strategic suppliers to optimize supply chain costs, and upgrading our supply chain management system.

Production Strategy

We closely monitor the dynamic trends shaping the global automotive and parts industry, as well as the increasing demand from new businesses. To remain at the forefront of this evolving market, we plan to strategically optimize our global production capacity layout, enhancing capacity utilization rates in key regions such as Europe and the Americas. We also intend to strategically relocate some overseas production capacity to cost-efficient countries or regions to reduce operational costs while maintaining high standards of quality and efficiency, and adopt in-house production of core, high-value components to enhance supply chain resilience and operational efficiency. Furthermore, we intend to deepen global production capacity synergy by leveraging China's strengths in management and production, which are renowned for their efficiency and innovation. By leveraging management talent and China's expertise in intelligent manufacturing in our international operations, we aim to create a seamless and integrated global production network, enhancing our operational capabilities and underscoring our commitment to maintaining a competitive edge in the global market.

R&D

We plan to strengthen capacity planning for global projects and streamline our design processes while ensuring that our products efficiently meet the diverse needs of international markets. By adopting a platform-based and modular R&D strategy, we are able to accelerates the development process and significantly reduce time-to-market, providing us with a competitive advantage. Moreover, we will integrate cost considerations throughout the entire project lifecycle. By embedding cost-efficiency into every stage of product development, we provide designs that are not only innovative and high-quality but also economically viable.

Organizational Framework

We plan to continuously adjust and optimize our organizational and management frameworks, in response to industry and business development needs, enhancing our administration efficiency and productivity.

Further Capitalizing on China's Market Advantages and Integrating Global Resources

We plan to continue deepening the integration of our local advantages in China with our cross-border business capabilities. By leveraging the advanced automotive intelligence technology prevalent in the Chinese market, we are well-positioned to assist global OEMs in their transition toward intelligence and electrification. This not only enhances our role as a key player in the automotive industry but also solidifies our reputation as a leader in technological innovation.

Furthermore, our first-mover advantage in establishing a global presence empowers us to support Chinese OEMs in their international expansion efforts. We have secured design wins for several leading Chinese OEMs for their overseas businesses. We are also in talks with certain leading Chinese OEMs regarding local collaboration in overseas markets.

In addition, we plan to identify suitable acquisition targets based on industries, technological innovation capability, business size, financial performance, customer base, brand image, and sales network to further bolster our capabilities. As of the Latest Practicable Date, we had not identified any specific acquisition targets and were not in ongoing negotiations with any specific acquisition targets.

Empowering Intelligent Manufacturing Upgrade with Digitalization

We plan to further invest in automated factories. By expanding the digital transformation of these factories, we plan to integrate advanced technologies that will facilitate modular combinations, enable large-scale mixed-line production and optimize automated material management. In addition, we plan to explore the integration of AI in intelligent manufacturing. The use of AI, big data, 5G communication and digital twin technologies in our manufacturing processes is expected to help us achieve a higher level of manufacturing intelligence, which will significantly reduce costs and increase efficiency, thereby enhancing our overall operational performance.

We further plan to optimize our cloud-based design, supply and manufacturing. This includes collaborative R&D and manufacturing, as well as implementing intelligent production, detection, logistics, and management systems. We plan to leverage industrial Internet, modern industrial software and a digitally integrated logistics system to ensure that all aspects of our production and supply chain are seamlessly integrated, leading to enhanced productivity and a robust competitive position in the global market.

Strengthening ESG Endeavors and Realizing Sustainable Development Goals

We recognize the importance of ESG and the global trend towards sustainability. We have established a robust ESG disclosure system that meets international standards and continue to advance global sustainable development goals.

Committed to our goal of achieving clean manufacturing, we plan to continue to effectively oversee and manage wastewater, emissions, and waste. Embracing the concept of green production and development, we plan to maintain effective oversight and management of energy consumption. We are implementing comprehensive carbon reduction measures and upholding resource reducing, reusing and recycling to foster a green, low-carbon, and sustainable development ecosystem.

Furthermore, we consider sustainability to be an essential component of our business processes and we plan to establish a sustainable supply chain by integrating ESG principles into every facet of our procurement processes and providing sustainable solutions for products and services which meet customer requirements. We plan to assist suppliers in achieving greener and lower-carbon operations, with the goal of reaching net-zero emissions across the entire supply chain.

We are dedicated to fostering a diverse, equitable, inclusive work environment to uphold human rights, fair treatment, equal opportunities, occupational health and safety, with a commitment to achieving zero safety incidents. We plan to enhance our multi-level employee development and training system to ensure that every employee has a fair opportunity to demonstrate their talents and values.

We have developed our code of conduct and other policies in accordance with international frameworks, such as the International Labor Organization Core Conventions and the Organization for Economic Co-operation and Development Guidelines. In addition, we plan to continue to optimize our corporate governance structure by implementing effective internal control and compliance systems, actively preventing corruption and other unethical business practices. We are committed to acting responsibly with ethics and integrity, competing fairly, adhering to applicable laws and regulations, and fostering a compliance and ethics culture throughout our operations and business partnerships.

OUR BUSINESS MODEL

We are a world-leading intelligent automotive technology solution provider. Leveraging our platform-based and modularized technology system and global R&D, production and sales network, we provide automotive electronics and automotive safety solutions to OEM customers worldwide, with a view to creating a more intelligent, safer and greener smart mobility experience. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest independent auto parts supplier in China.

We pioneer in advancing the intelligence and electrification of the global automotive industry. We provide leading global OEMs and emerging OEMs with comprehensive solutions that can be customized at both the software and hardware levels to meet the specific needs of their vehicle models. Our long-term, in-depth collaborations with customers have solidified our leadership in the industry. Our in-house core technologies and well-coordinated global R&D centers, supply chain, production facilities and sales network are essential to our success. As of September 30, 2024, we had 19 R&D centers and over 50 production bases around the world, covering major automotive markets such as Asia, Europe and North America.

We aim to continue to leverage the strengths of China's robust automotive industry ecosystem, which includes a comprehensive value chain, advanced technologies in intelligent and electric vehicles and significant cost efficiencies. The synergy between these resources and our well-established global facilities positions us to accelerate growth and enhance market penetration worldwide.

OUR SOLUTIONS

Our solutions primarily include automotive electronics solutions and automotive safety solutions. The following table sets forth a breakdown of our revenue by major type of solutions for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	*%*	*Revenue*	*%*	*Revenue*	*%*	*Revenue*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Automotive electronics solutions	**15,365,351**	**30.8**	**17,151,637**	**30.8**	**12,600,648**	**30.9**	**12,717,211**	**30.9**
– Automotive intelligence solutions	4,754,564	9.5	5,712,348	10.3	3,985,913	9.6	4,802,987	11.7
– E-mobility	2,322,658	4.7	2,440,518	4.4	1,827,160	4.4	1,716,614	4.2
– HMI	8,288,128	16.6	8,998,771	16.1	6,787,575	16.4	6,197,609	15.1
Automotive safety solutions	**34,428,001**	**69.1**	**38,576,839**	**69.2**	**28,709,390**	**69.5**	**28,417,516**	**69.1**
Total	**49,793,352**	**100.0**	**55,728,476**	**100.0**	**41,310,038**	**100.0**	**41,134,727**	**100.0**

The following table sets forth a breakdown of the sales volume by major type of solutions for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
		(units)	
Automotive electronics solutions			
– Automotive intelligence solutions	3,368,270	4,097,649	3,144,256
– E-mobility	3,100,014	3,306,575	2,155,299
– HMI	52,391,861	57,396,409	40,199,569
Automotive safety solutions	**331,516,562**	**310,987,786**	**237,046,582**

Automotive Electronics Solutions

Our automotive electronics solutions primarily include automotive intelligence solutions, E-mobility solutions and HMI products.

Automotive Intelligence Solutions

We provide a range of automotive intelligence solutions, including intelligent cockpit domain control systems, smart connectivity solutions and intelligent driving solutions for renowned OEMs worldwide.

Our automotive intelligence solutions typically feature the following:

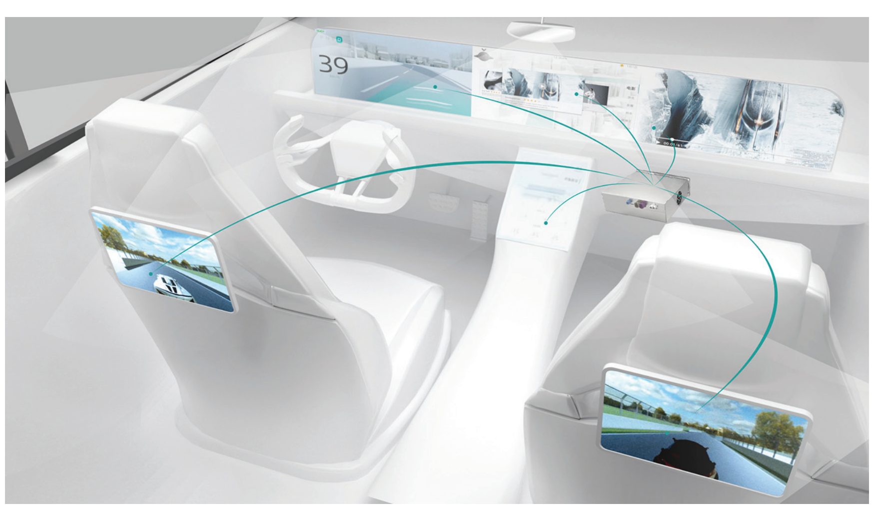
- Compatibility: Our solutions typically offer strong compatibility through a layered architecture that enables integration with diverse hardware, operating systems, and chips to meet automotive needs.

- Scalability: Our scalable multi-layered architecture separates hardware, core functions, and user interfaces, enabling efficient solution development and iteration while reducing costs through cross-platform component reuse.

- High performance: Our solutions offer excellent performance with power efficiency, reliability and secured design.

Intelligent Cockpit Domain Control Systems

Our intelligent cockpit domain control system, typically in a form of a silver box installed behind the central control screen of a vehicle, enables swift and multi-modal interactions between the end users and the vehicle, facilitating intuitive and responsive user interactions. It uses environmental data, vehicle information and user commands to activate in-vehicle functions and interact with users effectively. We have developed a comprehensive suite of software for intelligent cockpit domain control system, encompassing the entire software stack from the basic software to middleware components such as vehicle control, bluetooth/WIFI, audio, media and the Android system. During the Track Record Period, the sales volume of our intelligent cockpit domain control systems had exceeded 10 million units.



Our intelligent cockpit domain control system streamlines the domain control of the intelligent vehicles by integrating electronic control units (the "**ECUs**") from various vehicle subsystems. It sets the foundation for achieving centralized electronic control including the combined domain control of both cockpit and intelligent driving.

We enhance user experience with useful and intuitive in-vehicle intelligent services and applications and infotainment functions. Our intelligent cockpit domain control system supports:

- multi-screen display and interaction, supporting infotainment display, cluster, head-up display and co-driver display;
- navigation service, enabling drivers to enjoy real-time, accurate and dynamic navigation and traffic updates;
- AI-empowered capability, providing intelligent services such as multi-modal perception and AI assistants by integrating mainstream AI large models;
- multimedia for the global market;
- DMS and OMS. See "— Automotive Safety — Integrated Safety Solutions;"
- integration of parking and driving assistance functions;
- connectivity with smart devices, enabling consumers to integrate their smartphones and IoT devices such as wearables with the vehicle's systems;
- SOTA and FOTA updates. We continually upgrade and enhance the performance of the software with our OTA software upgrade technologies while ensuring cybersecurity.

Our intelligent cockpit domain control systems generally feature the following:

- *Strong adaptability and compatibility*. Our intelligent cockpit domain control systems are designed with exceptional adaptability and compatibility, making them highly versatile for various applications. They feature a layered decoupling approach that supports flexible hardware configurations and modular software setups, accommodating mainstream system-on-chip ("**SoC**") solutions. In addition, these solutions offer efficient and adaptable multimodality interaction solutions, enabling customized development across multiple system environments. Utilizing Hypervisor technology, they are compatible with different operating systems on the same hardware, including QNX, Linux and Android, thus meeting the diverse requirements of OEMs and the interaction needs of end users.

- *Scalability*. We build a multi-layered architecture for software and hardware development that works across different operating systems, comprising a basic layer that handles basic hardware platforms, middleware layer that manages key functions, and an application layer that users directly interact with. This layered design, combined with our advanced system that simplifies complex operations, makes it easier and faster for us to update features and improve system performance. Our platform-based approach allows us to reuse core modules across different vehicle models, ultimately reducing costs for our customers.

Intelligent Driving Solutions

The intelligent driving solution industries have experienced rapid growth in recent years, driven by advancements in intelligent driving technologies, increasing consumer demands for safer and more comfortable driving and supportive government policies promoting smart mobility solutions. Building upon our understanding of customer demand, we have expedited the development of and started to offer intelligent driving solutions in 2021. We capitalize on our robust hardware and software integration technologies. We prioritize the flexibility of solution development, the scalability of functions and the reliability and cost-effectiveness of our intelligent driving solutions, offering a safe, comfortable and convenient travel experience to drivers and passengers.

We typically provide integrated software and hardware intelligent driving solutions to the OEM customers. Our intelligent driving solutions mainly include ADAS domain controllers and front view smart camera, which can be provided either individually or in aggregate to the customers depending on their specific needs. In addition, we have also developed CCUs. See "— CCU."

ADAS Domain Controller

An ADAS domain controller functions as the brain in intelligent driving solutions. Our ADAS domain controllers gather data from sensors around the vehicle, including radars, cameras and ultrasonic sensors, to construct a model of the surrounding environment. The software algorithms embedded in the domain controllers then determine the appropriate actions for the vehicle.

We focus on building a comprehensive stack of ADAS technologies and are accelerating the R&D of autonomous driving domain controllers and advanced functional modules. We may work with partners in various fields, including LiDAR, ADAS algorithms and chips, and our ADAS domain controllers are compatible with mainstream intelligent driving chips. In May 2023, we announced our first ADAS domain controller product, nDrive-H.

- *Super computing power with high efficiency*: The nDrive-H features a dual-chip architecture with exceptional computing power, enabling autonomous driving capabilities from Level 2+ to Level 4. Through advanced planning algorithms and data fusion, it combines driving and parking functions while enabling features like Navigate on Autopilot. The domain controller's lightweight design prioritizes power efficiency and reliability, delivering an enhanced driving experience while providing OEM customers with cost benefits through optimized resource utilization.

- *Safety Design*: In terms of automotive functional safety, the nDrive-H has obtained ASIL-D level certification for its product development process. The design includes full redundancy through an independent safety island and redundant hardware. It also features a patented liquid cooling chamber that prevents condensation and moisture penetration, keeping electronic components at optimal temperatures. These features enable the nDrive H to meet the stringent quality standards for mass production.

Front View Smart Camera

We started to offer the front view smart cameras in 2025 that support all Level 2 intelligent driving scenarios. We primarily engage in the design and development of key software, mainly including fusion algorithms, functional algorithms, planning and control algorithms and safety functions. Our front view smart cameras support multiple scenarios of intelligent driving, primarily including intelligent cruise assistant, adaptive cruise control, automate emergency braking.

Our front view smart camera can be customized to different automotive models and platforms and is designed to be applied to the global market. As of September 30, 2024, we had offered the first generation of front view smart camera, nCam 1. nCam 1 offers eight million pixels resolution, high-frequency oscillatory ventilation of 120 degrees and two to five TOPS computing power. It incorporates one camera and up to five radar units.

Smart Connectivity Solutions

The rapid advancement of intelligent driving presents challenges for vehicles in complex scenarios. V2X technology is therefore essential for intelligent vehicles to achieve enhanced environmental perception, precise decision-making and control in autonomous vehicles. In 2021, following advances in 5G technology, we became the world's first company to mass-produce 5G-V2X solutions for OEM customers, according to Frost & Sullivan.

Our 5G-V2X solutions are primarily developed in a form of 5G-V2X smart connectivity terminals, which utilize cellular networks to enable vehicles to share information with their surroundings including other vehicles and road infrastructure for improved safety and efficiency. This real-time communication allows for better situational awareness and smarter decisions about vehicle operation and routing.

Our smart connectivity solutions offer comprehensive vehicle communication capabilities that make driving safer and more efficient. The key V2X functions include Forward Collision Warning for preventing rear-end collisions, Cooperative Vehicle Merge for safe merging, High-Precision Positioning for sub-meter accuracy navigation, and Parking Guidance for efficient facility management. Our solution combines C-V2X standard compliance with sophisticated autonomous algorithms, proven through extensive large-scale simulations and field tests.

The smart connectivity solution is a cutting-edge system that can potentially integrate vehicle-road-cloud technology with low altitude applications, supporting V2X technology across global markets and providing comprehensive transportation solutions for automakers, city managers, and low-altitude economy participants. For example, we participated in the "Vehicle-Road-Cloud Integrated System" project in Ningbo National High-tech Zone, contributing to the intelligent transportation ecosystem. Other potential applications include drone logistics and air emergency rescue, which will enhance traffic efficiency and safety.

We are also a major contributor in the formulation of national standards related to smart connectivity, including White Paper on High-Precision Satellite Positioning for Intelligent and Connected Vehicles (智慧網聯汽車高精度衛星定位白皮書) for CAICV, Testing and Evaluation Procedures for Warning Application Functions of Intelligent and Connected Vehicle V2X Systems (智慧網聯汽車V2X系統預警應用功能測試與評價方法) for China Society of Automotive Engineers and Enhanced V2X Business Application Layer Interaction Data Requirements (增強的V2X業務應用層交互數據要求) for CCSA.

Case studies: diverse and flexible collaborative approaches with OEMs

We have established strong partnerships with leading global automotive manufacturers to develop advanced 5G and V2X vehicle-road coordination solutions. Our collaborative approach demonstrates our flexibility and technical expertise in meeting diverse OEM requirements while maintaining high standards of innovation and quality.

- In our partnership with a leading NEV brand in China, we showcase our comprehensive capabilities by providing both the hardware and software platforms for smart connectivity, while enabling our customer to develop specific application-layer solutions.

- Our engagement with a premier automotive brand exemplifies our advanced system integration capabilities. We deliver hardware solutions and extensive software development while seamlessly integrating its proprietary basic components that meet their corporate standards.

CCU

With the transformation from the distributed E/E architecture to a centralized architecture, we have initiated a joint pre-research project with a leading domestic intelligent automotive chip company. Together, we have successfully co-developed our CCU product based on its intelligent automotive cross-domain SoC.

Our CCU products are designed to be the super brain for a vehicle, acting as the main hub for communication and AI-powered data processing, integrating data from different vehicle systems, such as intelligent cockpit system and the intelligent driving system. We aim to realize the full integration of intellectual cockpit and intelligent driving functions in one controlling unit, namely one board and one chip. The product will support the computing data from multiple domains, primarily including the intelligent cockpit, smart connectivity and intelligent driving, and fits a centralized E/E architecture that features efficient communication mechanisms, rational allocation of hardware resources as well as computing power and optimized spatial layout.

Other Automotive Intelligence Solution — Digital Key Solution

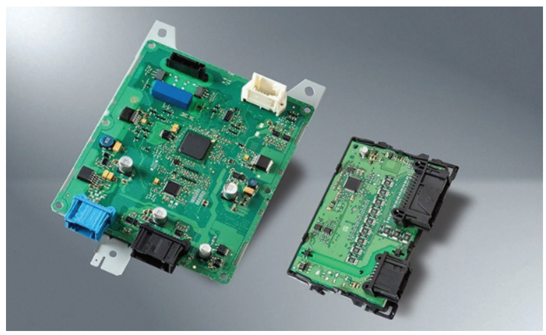
Our digital key solution is a smart access system powered by ultra-wideband technology. This comprehensive and cost-effective solution integrates multiple functionalities into a single system. Leveraging advanced algorithmic capabilities, we have achieved seamless integration of centimeter-level positioning and radar sensing technologies. The key anchor points are repurposed for in-vehicle sensing applications, enabling features such as automatic unlocking, child presence detection, and kick sensor. The system is designed to be extensible, supporting various use cases such as spatial positioning. Through this innovative solution, we deliver enhanced security, precision, and convenience to elevate the overall driving experience. In 2024, our digital key solution was awarded with Advanced Body System Golden Award at the China Auto Parts Industry Awards (鈴軒獎前瞻—車身系統類金獎) by Auto Business Review.

E-mobility Solutions

Our E-mobility solutions mainly include (i) battery management system and (ii) power electronics. According to Frost & Sullivan, we are among the world's pioneering suppliers to achieve mass production of 800V high-voltage platform products, with the world's first high-voltage Booster and DC/DC converter developed in 2019. These products allow for higher charging power and faster charging speeds for NEVs. Furthermore, we have developed an integrated electronic control module that aligns with the automotive industry's trends of lightweight and modularization, contributing to space saving and cost reduction.

BMS

BMS is essential for managing the battery system of a vehicle and protecting the battery as well as the vehicle. Voltage irregularities, temperature fluctuations and manufacturing tolerances can reduce the lifespan of battery cells in electric vehicles. As a core technology, BMS underpins the quality and safety of NEVs. Comprising a battery management unit, a cell supervising sensor unit, and a current and voltage sensor unit, the BMS ensures effective management and optimal use of power battery packs, enhancing performance and extending their lifespan.



We offer BMS solutions across multiple voltage platforms including 12V, 48V, 400V and 800V. Supported by Daisy-Chain communication technology and AUTOSAR software architecture, our BMS solutions can be offered as distributed system or integrated system, both connecting the control board directly to battery cells or modules, efficiently managing all electronic hardware.

We started to offer integrated software and hardware BMS solutions to OEM customers and tier-one supplier customers in 2008. As of September 30, 2024, our BMS solutions had been applied to EV models of renowned international OEMs.

Our BMS solutions deliver comprehensive battery management through below key system components, each providing distinct benefits for optimal battery performance and longevity:

- Real-time monitoring system. The monitoring system continuously tracks critical parameters including voltage, current, and temperature, while employing proprietary algorithms to assess battery capacity and state of charge. This constant vigilance ensures optimal battery operation and enables early detection of potential issues, thereby maximizing system reliability.

- Intelligent management system. The management system incorporates sophisticated thermal management protocols to maintain ideal operating temperatures, while precisely controlling battery balance and charge/discharge cycles through integrated safety protocols. By implementing these advanced management features, our system effectively extends battery life and maximizes operational range.

Case Study: Implementation of Pre-Developed Technologies in Product Development

Our pre-development technologies have played a pivotal role in our commercialized BMS. Based on our keen market insights, we conducted extensive research and explored into thermal runaway early warning systems, which aims to address the foremost safety concern for power battery and NEV users. We successfully developed and implemented a series of innovative thermal runaway detection solutions, incorporating advanced sensor modules such as gas pressure sensors. The implementation of these thermal runaway early warning technologies not only enhances battery system safety but also provides our customers with more intelligent and reliable warning mechanisms, demonstrating our leadership position and innovative capabilities in power battery safety technology. Notably, our gas pressure sensor solution has been integrated into a specially designed thermal runaway warning module. This module, recognized for its exceptional performance and reliability, has been subsequently adopted in our advanced 800V BMS solution offered to a prestigious international OEM customer.

Combo Power Electronics

Charging speed remains one of the core bottlenecks faced by E-mobility solutions. We focus on increasing the input electric voltage to improve charging efficiency. As of September 30, 2024, we had mass-produced and offered on-board power electronics products to a wide spectrum of OEM customers.

Our power electronics products primarily include Boosters, OBCs and DC/DC converter, which can be provided individually or in aggregate to OEM customers. Our Booster increases the input voltage of 400V fast charging stations to 800V, enabling the charging of 800V batteries at these stations. Our OBC converts household or industrial alternating current into DC to charge NEVs. Our DC/DC converter transforms high-voltage DC from the battery into low-voltage DC for powering on-board electrical equipment and systems.

When offered in aggregate, our comprehensive power electronics solutions integrate OBC, on-board DC/DC converter, the power distribution unit ("**PDU**") and other components. We primarily offer two-in-one solutions that integrate OBC and DC/DC converter, three-in-one solutions that integrate OBC, DC/DC converter and PDU, and other solutions with a higher level of integration. Through integrated designs, our solutions minimize space occupancy, simplify wiring layouts, reduce costs and enhance overall development efficiency and quality. Our products have industry-leading performance in areas such as conversion efficiency, power density and reliability. In particular, the highest conversion efficiency of our OBC reached approximately 96%.

We are in the process of R&D and industrial revolution of cutting-edge technologies such as 800V architecture charge and discharge management and wireless charging systems. The 800V architecture charge and discharge management system is designed to enhance the safety and reliability of 800V platform battery management by embedding AC impedance online monitoring functions and developing an adaptive fast charging method based on AC impedance feedback, ultimately creating a high-voltage fast charging overall solution. Wireless charging technology aims to simplify the charging process for NEVs by improving magnetic coupling mechanisms and enhancing transmission power and efficiency. It allows NEVs to be charged without the need for physical cables.

HMI Products

Our HMI products serve as an interface that allow end users to interact with the intelligent vehicles, featuring the integration of key proprietary technologies, primarily including integrated interactive interface, touch screen, display unit and control unit, haptic feedback and handwriting recognition.

Our HMI products primarily included central and drive mode control, central control panel, multi-function steering wheel switch and air conditioning controller. We expect to continually invest in HMI technologies to keep abreast of industry trends and to assist our OEM customers in developing more intelligent and customer-friendly cockpit solutions.

Central and Drive Mode Control. Central and drive mode control integrates electronic gear shifting, entertainment control, air conditioning, integrated driving assistance and other functionalities. Our central and drive mode control features touch input, handwriting recognition and haptic feedback capabilities. We offer the central and drive mode control that can incorporate a crystal surface design and a magnetic touch feedback and supports touchpad integration.

Central Control Panel. Our central control panels are designed to allow drivers to adjust volume and display settings intuitively, even without direct visual attention to the panel, thereby promoting safer driving conditions. For example, one of the models incorporates an innovative on-screen knob for volume and display control, seamlessly integrated with the touchscreen through optical bonding. We may further customize the designs for our OEM customers to meet their unique demands. For a leading luxury automotive manufacturer, we have developed a central control panel with sophisticated design that combines air conditioning temperature control, driving mode selection, and vehicle status monitoring, distinguished by its high-precision haptic feedback and force-sensing capabilities.

Other HMI products. We also provide multi-function steering wheel switches and air conditioning controllers, each designed to enhance user interaction within vehicles through advanced technology and precision engineering. Our multi-function steering wheel switches and air conditioning controllers are based on integrating high-precision control circuits with advanced software systems to deliver reliable and responsive user interfaces.

Automotive Safety Solutions

Our Groups's history of designing, developing and producing automotive safety products could be traced back to the early 20th century, with the predecessor of Joyson Safety Systems being one of the earliest in the world to produce automotive safety products. Our products, primarily including seatbelts, airbags and intelligent steering wheels, are designed to protect occupants during a collision or sudden stop by restraining movement and absorbing impact forces, thereby minimizing injury. Since middle 1990s, we further developed comprehensive automotive safety solutions that integrate advanced algorithms with various vehicle systems and components. These solutions provide warnings and support to drivers and passengers to help prevent collisions. As our customers are located in different countries and regions, primarily including China, the U.S., Japan, Germany and other European countries and regions, as well as Southeast Asian countries and regions, we keep abreast of the evolving automotive safety standards and requirements established by local authorities and meticulously design and test our products and solutions to ensure full compliance with these standards and requirements.

According to Frost & Sullivan, we were the second largest passive automotive safety products provider in China and the world with a market share of 23.8% and 23.1% in terms of revenue in 2023, respectively. According to the same source, we are one of the largest suppliers of steering wheels, seatbelts and airbags in the world in terms of revenue in 2023, with a market share of 35.4%, 22.8% and 19.1%, respectively. As of September 30, 2024, our automotive safety products and solutions had been applied to hundreds of different automotive models with more than 70 automotive brands worldwide.

Airbags

Our airbags play a crucial role in ensuring occupant safety during the critical crash scenarios, with quality and reliability being paramount in our process. Leveraging our extensive knowledge of production systems, we conduct in-house research and design the safety features and the components of the airbags. We manufacture the majority of airbag components in-house, including critical components such as inflators, fabric, cushions and airbag covers as well as other supporting components, to ensure quality and reliability. We integrate advanced lifesaving technologies seamlessly into vehicle interiors, with our lifesaving airbags available for all vehicle architectures. Our airbags are engineered to deploy within milli-seconds when needed even after many years of vehicle life. Our product portfolio primarily includes driver airbag, passenger airbag, knee airbag, side airbag and curtain airbag, as well as inflators, airbag textiles and airbag cover. Beyond traditional airbags, we also offer innovative solutions designed for vehicles with advanced autonomous driving capabilities, including far side airbag, windscreen airbag, belt-attached restraint supplement and embrace airbag.

Seatbelts

Seatbelts are the primary passive safety devices in the event of a crash. Our product portfolio includes emergency locking retractors, pyrotechnic and electric pretensioners, anchor pretensioners and shockproof buckles. We value both restraint performance and seatbelt ergonomics. We research and design the safety features of the seatbelt components in-house, manufacture the seatbelt components, primarily the textiles, metal and plastic components, electric control system and assemble the seatbelts to the customers' requirements. We further offer additional smart features for our seatbelt products, including motorized belt pretensioning, haptic warning systems, adaptive load limiter, belt tension measurement and additional comfort features to meet our customer diverse needs. In 2023, our elastomer locking tongue (彈性體鎖止鎖舌) was awarded Advanced Body System Golden Award at the China Auto Parts Industry Awards (鈴軒獎前瞻—車身系統類金獎) by Auto Business Review.

Intelligent steering wheels

The steering wheel is crucial to safety as it houses the driver airbag. The steering wheel and driver airbag operate together to protect drivers in case of a crash. Our fully integrated global in-house production system, in which we in-house design and manufacture the steering wheels while using die-cast magnesium or alloyed steel frames, foamed with urethane, wrapped in leather or alternative materials and assembled, ensures the quality of our products. Additionally, we produce multifunctional switches and trim parts, such as carbon fiber, to personalize the steering wheel offered to each customer. As the most frequently touched component, we aim to provide exceptional haptics, styling and quality for our global customers. We value the individual styles and offer customized intelligent steering wheels to meet diverse customer needs. Advanced features like steering wheel heating, hands-on detection, light elements and vital sign sensing can be integrated to steering wheel. We continually design and develop next-generation steering devices to meet the evolving needs of intelligent vehicles.

Integrated safety solutions

In addition to the above traditional safety products, we innovate advanced technologies and offer integrated safety solutions, which provide warnings and support to drivers and passengers to avert collisions to the extent possible and are an integral part of the safety system of the next-generation intelligent vehicles. Our integrated safety solutions span DMS, OMS, pedestrian safety solutions and battery protection systems. In 2022, our PBD for NEVs was awarded the 2022 Automotive News PACE Awards by Automotive News.

DMS. We started to offer the DMS solutions in 2016, embedded with an automotive PACE award winning and market leading driver state system. Our DMS use advanced infrared based camera sensing and safety control AI algorithms to analyze the driver's attention.

OMS. Based on a long-standing history of expertise in occupant classification and kinematic behavior analysis, we provide advanced OMS solutions. Our offerings incorporate decision-making AI algorithms and a range of interior sensors, such as integrated foam sensors and multispectral sensor systems. These solutions significantly enhance occupant safety by adaptively adjusting vehicle safety system parameters according to occupancy conditions. Additionally, our systems deliver crucial alerts if a child, pet, or unwanted object is inadvertently left in the vehicle.

Pedestrian safety solutions. We offer pyrotechnic actuators designed to mitigate injuries to vulnerable pedestrians. For example, we offer active hood lifters which raise the vehicle hood during collision and thereby mitigating head impact to the pedestrians by hard objects and structures beneath the vehicle hood.

Battery protection systems. Designed for NEVs, our PBD technology protects drivers and occupants from the risk of battery overload or short circuit by irreversibly disconnecting the automotive high-voltage circuit system.

OUR TECHNOLOGY

Our comprehensive capabilities covering automotive electronics and automotive safety contribute to the competitiveness of our diversified products and solutions. We have successfully developed a number of core in-house technologies underpinning our products and solutions as well as buttressing the development and testing of our products and solutions.

Automotive intelligence solutions

We have self-developed independent development platforms for automotive intelligence solutions that meet our design needs. Our platforms enhance our R&D efficiency by extracting and generalizing common elements across different structures of various OEMs, allowing for reuse in different customer projects in domestic and international markets and enabling us to capture industry trends in advance.

- Our intelligent cockpit development platform uses a hardware abstraction layer to separate hardware effects from upper-layer software, enabling use across various systems, including ADAS and intelligent cockpit domain control systems. The platform enables quick baseline upgrades, meets global data and cybersecurity standards, and allows customization to support Chinese OEM's global expansion.

- Our telematics software platform features a standardized interface that works with various hardware chips and modules, enabling smooth data exchange and remote vehicle control. With its modular design and third-party integration support, it creates a strong ecosystem for smart transportation.

- Our ultra-wideband platform delivers the industry's first global digital key solution using advanced ultra-wideband AOA technology, providing cost-effective digital keys and bio-radar functions.

- We are in the process of developing an innovative autonomous driving data storage system. We aim to leverage our global R&D resources to provide secure, efficient, and cost-effective storage that meets international regulations.

HMI — *Capacitive Touch Sensing Technology*

Our proprietary HMI touch sensing technology features an innovative step-by-step touch detection and sensing system integrated with high-precision capacitive touch sensors. This advanced solution employs step-controlled capacitor charging/discharging modes with high-frequency filtering and sampling, eliminating the need for specialized touch sampling chips. Through strategic partnerships with leading domestic and international membrane suppliers, our technology demonstrates superior compatibility with both mutual and self-touch sensors, delivering enhanced touch sensitivity and accuracy while maintaining competitive cost advantages.

HMI — *Haptic Feedback Technology*

Our HMI technology integrates precision haptic sensors and actuators with intelligent vibration curve algorithms to deliver responsive haptic feedback. The solution features adaptive learning capabilities that personalize haptic responses based on user behavior and scenario, while maintaining energy efficiency through low-power consumption design and advanced materials. Through continuous innovation in tactile materials and feedback mechanisms, we achieve superior response times and refined haptic resolution, ultimately delivering an intuitive, secure, and personalized in-vehicle interaction experience.

Battery Management Technologies

Online battery parameter identification algorithm

We developed the online battery parameter identification algorithm to simulate the battery characteristics. By measuring real-time cell current and terminal voltage using this algorithm, we obtain data on open circuit voltage, internal resistance and polarization resistance and capacitance, adjusting predictions based on voltage measurement differences. Using the one-order equivalent circuit model, we accurately simulate lithium battery characteristics while maintaining reasonable calculations.

Active-passive integrated insulation detection technology

The technology facilitates both active and passive insulation detection. Prior to connecting the entire vehicle to the electrical system, the battery system's insulation resistance can be precisely measured using passive insulation. Once the vehicle is connected, the overall insulation status can be accurately assessed through active insulation. In addition, the technology enables testing of the insulation testing circuit's effectiveness, ensuring accurate and reliable insulation detection.

Power electronics — DC/DC converter

Our innovative low-power DC/DC converter technology achieves reliable and secure conversion of 800V DC to 12V DC within electric vehicle battery packs through optimized circuit topology and simplified component design. This advanced power management solution not only enhances overall system reliability but also maintains critical battery safety monitoring capabilities during vehicle parking states, significantly improving all-weather safety performance of NEVs.

Airbags — Inflator

Our airbags leverage advanced core technologies encompassing fabric and airbag materials, sophisticated folding techniques, and state-of-the-art inflator technologies. At the heart of our innovation lies our diverse inflator portfolio, featuring hybrid, cold gas, and pyrotechnic systems, along with Advanced Airbag Unit technologies, complemented by gas generant and igniters. These systems are engineered to deliver optimal performance across various operating conditions, with hybrid generators providing consistent gas output under varying temperatures and pressures, cold gas inflator offering high repeatability under minimal temperature variations, and pyrotechnic variants enabling compact, lightweight solutions.

Seatbelts — Retractor

Our seatbelt retractor is designed under a platform-based approach. The product can integrate into pyrotechnic pretensioning systems to reduce the impact of displacement on passengers by eliminating the belt gap in the event of a crash. It can also be integrated into motorized pretension devices and adaptive load limit devices. By actively identifying the collision signal, the motor activates the pretension function and adjusts the corresponding force limiting level according to the passenger level. The device can prevent fatigue driving and improve the safety of auxiliary automatic driving. Our seatbelt retractor meets global safety standards and can be adapted to different markets and customized configuration requirements.

Steering wheel — Foaming

In the field of steering wheel manufacturing, we have mastered advanced foam material technology, which represents a core competitive advantage. Through innovative research and development at our European Technology Center, we have successfully developed an eco-friendly polyurethane foam material that, not only fully complies with the latest domestic regulations in terms of odor performance but also significantly enhances the driving environment quality.

Automated test technology

The automated test technology builds a simulation vehicle test environment, creating a closed-loop system. By integrating computer simulation with physical testing, the technology allows for testing the vehicle in a virtual environment while controlling the cost and risk. As this technology simulates real-world scenarios and allows for comprehensive compliance and stability testing, we are able to reduce the costs and shorten the lifecycle of product development. In addition, this technology combines hardware-in-the-loop with automated testing, enhancing the efficiency and minimizing human errors through scripted automatic test execution during the testing, thereby ensuring the accuracy of the testing results.

Full lifecycle simulation platform and verification technology

We have established a simulation and verification platform throughout the full lifecycle of product design to verify product design, which would in turn improve the design efficiency and product reliability.

In the early stages of design, we use professional simulation tools to simulate the software, electronics and mechanics of product design to verify the feasibility of the solution, and make the necessary design adjustments in a timely manner to meet the functions and performance required by the product. During the design process, we use a large number of test tools at different system levels to conduct in-depth testing and verification of the detailed design of the product. In the product verification stage, we use a variety of test platform equipment, including platform tools that simulate actual working conditions, to fully verify the reliability of the product.

RESEARCH AND DEVELOPMENT

Our passion for innovation, combined with robust R&D capabilities, has enabled us to maintain competitiveness in the industry. We have established 19 domestic and overseas R&D centers around the world, covering major automotive markets such as Asia, Europe and North America, which support the continuous iteration and enhancement of our products and solutions. These R&D centers are crucial for advancing our technological capabilities and maintaining our competitive edge in the automotive industry. We strategically position R&D centers and R&D team in locations that are close to the best talent and our customers. Our R&D teams work closely with customers in order-based R&D or POC (proof of concept) projects, ensuring deeper understanding of the customer needs. See "— R&D Process" and "— R&D Cooperation." The R&D team collaborates with our operations, supply chain and production teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning. In addition to the R&D centers, we also have research institutions pursuing the research of advanced technologies in E-mobility and intelligent driving, further enhancing our capabilities in continual innovation. In 2022 and 2023 and the nine months ended September 30, 2024, our research and development expenditure (including capitalized and expensed portions) were RMB3,033.9 million, RMB3,648.0 million and RMB2,558.6 million, respectively.

R&D Team

Our R&D team is the cornerstone of our R&D strength. As of September 30, 2024, we had 5,528 R&D specialists globally, representing 13.0% of our total employees and ranking among the top auto parts suppliers in China, including professionals graduating from top-tier domestic and overseas universities, specializing in various disciplines. As of September 30, 2024, among our R&D personnel, 77.3% held a bachelor's degree or above and 28.9% held a master's degree or above. In addition, we have instituted a thorough internal talent development mechanism, including regular training and an R&D knowledge-sharing mechanism for employees at all levels. Our engineers across different regions collaborate in the product R&D, forming a global complementary innovation network with rapid response capabilities, significantly accelerating the R&D cycle for new products. For example, in the nine months ended September 30, 2024, the development cycle for our new HMI products was 12 to 18 months, significantly lower than 18 to 24 months in 2022.

We use an AI search platform based on our extensive internal documentation, enabling intelligent semantic searches across documents and languages. Our AI search platform generates high-quality and comprehensive responses with specific citations and supports AI parsing of documents in various formats, covering areas such as design, procurement, R&D, production and sales, thereby enhancing the knowledge integration and corporate efficiency. In addition, we have an AI coding assistant tailored for software development in fields such as automotive intelligent driving, intelligent cockpits and smart connectivity. Our AI coding assistant offers features such as automatic code generation, static code analysis and code review, improving code quality and development efficiency.

R&D Process

We conduct in-depth research on the industry with cutting-edge technologies to innovate our products and solutions.

Product development for OEM customers

We have established a comprehensive R&D process consisting of four stages for our new product development: (i) preliminary analysis, (ii) prototype development; (iii) development verification; and (iv) product and process validation.

Preliminary analysis. The preliminary analysis phase typically begins when we receive a request for quotation from OEMs. As a qualified supplier, we carefully analyze these requirements, breaking them down into detailed technical specifications. We then develop initial solution concepts. This phase culminates in the submission of a detailed proposal to the OEM, and if successful, leads to design win, establishing us as the designated supplier for the component. We may utilize our R&D network to optimize resource allocation across regions and develop products and solutions on a global scale.

Prototype development. We form design ideas, expand into full-blown product designs, develop prototypes and conduct initial testing to evaluate the feasibility and functionality of the designs. If testing results indicate areas for enhancement, we further refine the design and prototypes to achieve optimal results. We maintain close communication with customers throughout the process to understand their technical and design needs.

Development verification. We conduct comprehensive functional testing, performance testing and reliability testing to ensure the product meets design requirements. This stage typically involves laboratory testing and evaluation under simulated usage conditions. Once the prototypes pass these tests, we document the R&D process and the achievements, including any findings and the outcomes. We transfer the knowledge to other teams for securing future customer design wins.

Product and process validation. The final product and process validation phase focuses on manufacturing readiness. We begin with pilot production runs to validate our manufacturing processes and capabilities. Our aim at this stage is not only to develop products that meet our design concepts, but also to support customer-required functions. We also verify and validate the specific solutions we design and produce for the customers before we prepare for mass production.

Pre-Development Research

Our R&D department has a dedicated pre-development team focused on forward-looking product and technologies development. We gather insights through multiple channels: attending industry exhibitions, participating in professional networking events, conducting customer visits to understand future needs, performing market research, and engaging in industry-academia collaborations. We form our internal product roadmap based on these inputs, and plan our advanced research activities and set timelines accordingly. We regularly communicate our product concepts with customers through technical demonstrations and visits, and promote them to customers on an ongoing basis.

R&D Cooperation

We develop cooperative relationships with (i) OEM customers and other business partners, (ii) research institutions and universities and (iii) governmental agencies. We set out below certain major cooperations in recent years.

R&D Cooperation with OEM customers and other business partners

We conduct joint R&D with our customers to develop innovative automotive electronics and safety solutions. For example, we collaborated with a well-known domestic vehicle manufacturer to jointly develop a high computing power domain controller for autonomous driving. Our collaboration in the automotive safety field included a "leap-over" airbag that deploys safely around large vehicle display screens, addressing the safety requirements of NEVs with central control displays. In addition, we established Zhejiang Key Laboratory of Automotive Electronics Intellectualization (浙江省汽車電子智能化重點實驗室) to jointly conduct research on key technologies of BMS and power electronics with other companies.

We also collaborate with OEM customers in R&D should the customers require the POC process before engaging us as a supplier. We collaborate with OEM customers to refine their product requirements for specific vehicle models, design, modify and optimize the system features, software functions and product structures. The ownership of the achieve results and intellectual property as well as the allocation of costs are decided case by case, primarily based on the investment and involvement of each party.

We are collaborating with an international company in automotive and autonomous driving software solutions to develop a next-generation zonal controller which enhances edge computing capabilities and improves the overall utilization rate of computing resources. The zonal controller is expected to be well-suited for advanced domain fusion and centralized computing E/E architecture, designed to serve as an intelligent digital foundation and support the realization of software-defined vehicles.

R&D Cooperation with research institutions and universities

We have jointly researched with other key members of Ningbo Automotive Electronics Intellectualization Innovation Union (寧波市汽車電子智能化創新聯合體) and universities on key technologies and the industrialization of new energy electronics for 800V high-voltage platforms, wireless charging technology and intelligent charging and distribution.

We have established a Joint Postdoctoral Program (聯合培養博士後項目) with Tsinghua University that has led to the research project on multi-modal HMI platform and application in automotive intelligent cockpit domain control system, which was been selected for funding by Zhejiang Province Postdoctoral Research Project (浙江省博士後科研計劃擇優資助).

PRODUCTION

Our production process is designed to uphold high quality standards while maintaining the flexibility to accelerate production to meet customer demands in a timely manner. Our production capabilities and quality control measures enable us to ensure the high performance and reliability of our products and solutions.

Production Facilities

We have established a network of production facilities in strategic domestic and overseas locations to better serve our major geographic markets and target customers. As of September 30, 2024, we had over 50 production bases around the world, covering major automotive markets such as Asia, Europe and North America. The following table sets forth the details of our major production facilities during the Track Record Period:

	Year ended December 31,						Nine months ended September 30,		
	2022			2023			2024		
	Designed Capacity (Unit)	*Actual Production Volume (Unit)*	*Utilization Rate (%)*	*Designed Capacity (Unit)*	*Actual Production Volume (Unit)*	*Utilization Rate (%)*	*Designed Capacity (Unit)*	*Actual Production Volume (Unit)*	*Utilization Rate (%)*
Automotive Electronics Solutions									
– Automotive intelligence solutions	4,716,013	3,287,214	69.7	4,716,013	4,359,058	92.4	3,331,488	2,928,833	87.9
– E-mobility	3,729,592	3,188,693	85.5	4,129,594	3,331,116	80.7	3,675,580	2,398,990	65.3
– HMI	55,041,499	52,603,820	95.6	67,396,984	58,416,403	86.7	51,420,133	44,021,292	85.6
Automotive Safety Solutions	468,390,425	329,840,536	70.4	513,622,619	325,155,079	63.3	393,573,344	236,478,438	60.1

Notes:

(1) The designed capacity of the period is calculated based on the number of operational days per year, the number of shifts per day, the duration of each shift, the cycle time and the overall equipment effectiveness (OEE). These factors vary depending on the specific factory.

(2) The utilization rate during the period is calculated by dividing the production output by the designed capacity for the same period.

(3) During the Track Record Period, we outsourced an immaterial portion of the production of automotive intelligence solutions to third party manufacturers, amounting to 81,857 units, 225,310 units and 152,052 units in 2022, 2023 and the nine months ended September 30, 2024.

As we highly value the quality of our products, the safety of our employees and environmental protection in the course of manufacturing process, we have obtained a series of certifications, including IATF16949, ISO45001, ISO14001, ISO14064, ISO14068, ISO50001, ISO9001 and been certified by the Responsible Business Alliance, the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.

We maintain the production lines, machinery and equipment at our factories. We constantly upgrade our machinery and equipment to improve our operational efficiency. 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.

We are continually upgrading our intelligent manufacturing factories to build a globally integrated system that features process automation, platform flexibility, information-driven operations and business intelligence. For example, our Preh GmbH factory in Ningbo for automotive electronics solutions has been recognized as "Future Factory" in Zhejiang, "Intelligent Manufacturing Pilot Demonstration" and "China Benchmark Smart Factory" by the Ministry of Industry and Information Technology of the PRC. This factory incorporates cutting-edge technologies including AI, big data and 5G communication, achieving high automation in production, refined management and smart logistics. It is equipped with 11 high-speed SMT lines (高速貼片線) and advanced visual and X-ray inspection equipment. The integration of 5G+AMR technology has streamlined and stabilized the production processes. It employs robotic automatic assembly to ensure high product quality, with full traceability of all production processes. In addition, this factory values the green energy and energy management, using photovoltaic panels for power and capturing thermal energy from production for use in our factory and offices, significantly conserving energy.

In addition, we have enhanced our intelligent manufacturing systems at our new factory in Hefei by integrating the SAP-LES-MES system, which automates the management of production, warehousing and logistics. Specifically, we utilize the systems to automate production scheduling based on customer requirements, manage material requisitioning, and use automated guided vehicles to deliver materials to specific production lines, culminating in the automated packaging and warehousing of finished products. The systems automatically collect real-time production data, analyze output, defect rates and equipment downtime. We utilize integrated anomaly detection and alert systems to manage operational data. These systems allow for real-time monitoring and deviation management, providing timely information to support rapid decision-making.

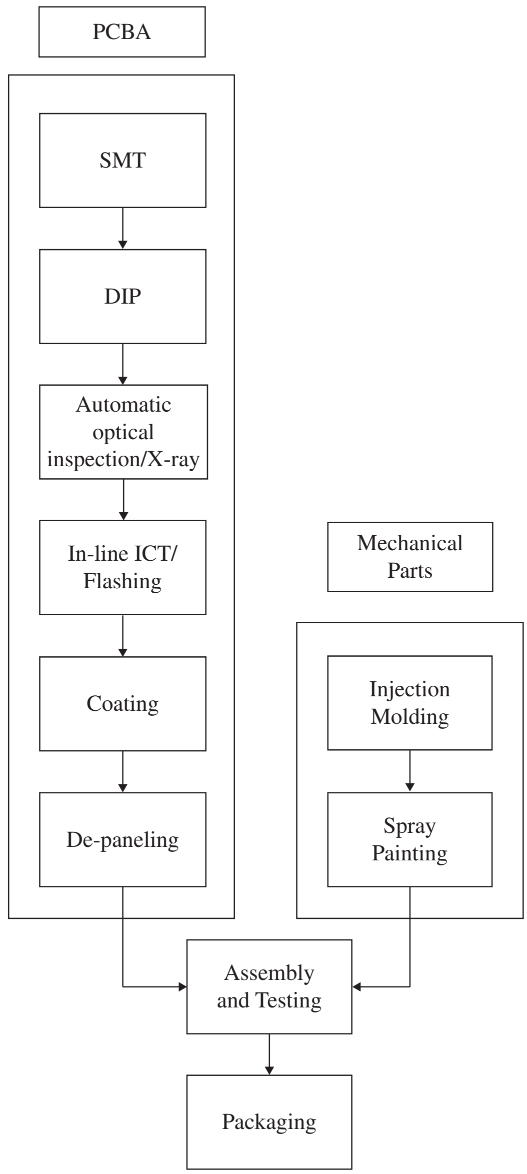
Production Process

We determine our production plans primarily based on our sales. For products that have already been developed, we generally formulate production plans based on the order requirement and schedule the production accordingly. We use the ERP system to control and manage mass production.

We are committed to optimizing our production process, thereby enhancing product quality and production efficiency. We continuously improve our production process and techniques and actively engage in the acceleration of automation and digitalization of our production lines. We utilize the MES to support our production process. The MES enables real-time monitoring of production process by recording the progress of each production line. The system is able to monitor production loading and capacity and production scheduling plan. In addition, we deployed this system to boost production efficiency at our manufacturing facilities, including quality management and waste management. Data collected from our production process feeds into our digital systems for further consolidation, analysis and reporting. We are also integrating RFID technology into the MES by automatically bound product's DMC information to workstations to accurately identify, record and trace the production status of each step through RFID automatic identification and DMC camera inspection, on the other hand, our engineers can search and check related production conditions through the MES at any time.

We utilize digital resources and automated machinery and aim to transform our production facilities to meet Industry 4.0 standard. We adopt automated equipment across multiple production lines. A large portion of our manned and automated machinery is equipped with the IoT technologies and connected to our MES, which allows us to track, monitor and manage the production process, from order receipt and forecast, procurement and storage of raw materials, inventory management, to production monitoring and product delivery.

The following flowchart illustrates the key production steps of our major automotive electronic products:



- SMT: With SMT line, we mount a variety of electronic components, such as SoCs, onto the PCB. This process ensures precise component placement and secure soldering, creating a reliable foundation for our products and solutions.

- DIP Insertion: We insert electronic components with wire leads, such as connectors and larger-sized capacitors, into pre-drilled holes on the PCB. The components are then soldered on the opposite side of the board, establishing robust electrical connections.

- AOI/X-Ray: We use machine vision and X-ray as the standard automatic inspection technologies and image processing to detect product defects such as missing parts, welding quality issues and abnormalities.

- ICT/Flashing: We conduct comprehensive testing for functions and performance of the mounted electrical components and perform integrated circuits (IC) software programming.

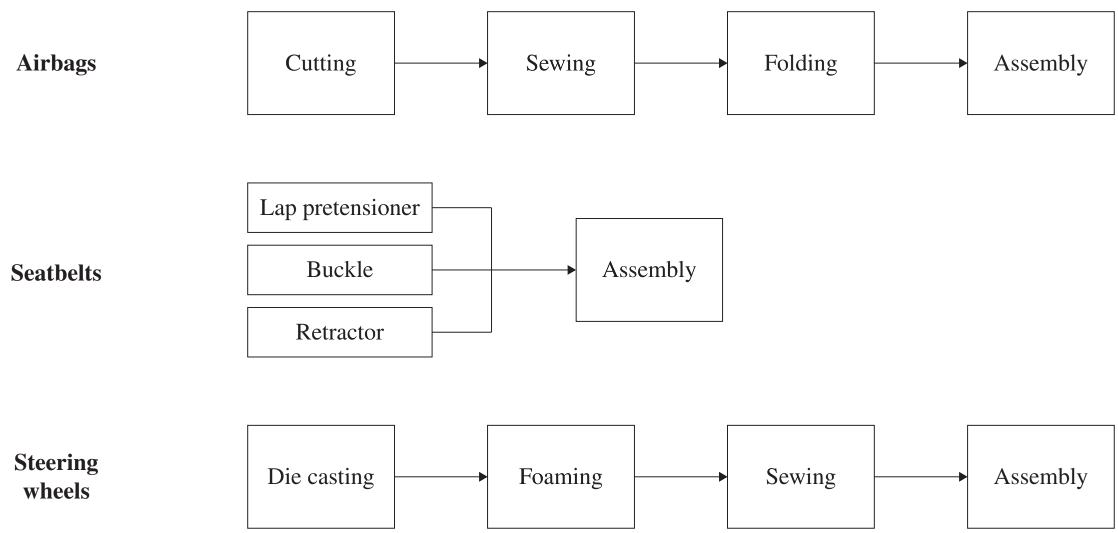
- Coating: We coat our products and solutions with a protective layer as a barrier against moisture, mold and salt fog, improving their durability and reliability.

- De-paneling: After the PCB is completed, we use specialized equipment to remove the edges of the entire PCB board to ensure that each PCB is intact and fully functional.

- Injection molding and spray painting: Our injection molding equipment uses thermoplastic materials and high-pressure systems to create precise, high-quality plastic cases for certain of our products. For the finishing process, robotic systems in specialized booths apply uniform paint coatings.

- Assembly and Testing: We integrate various components, including the PCB assembly and other mechanical parts, to form the core body of our products and solutions.

The following flowchart illustrates the key production steps of our major automotive safety products:



Set forth below are certain pictures of our production facilities:

Automotive electronics

Automotive safety

Quality Control

We have devoted substantial resources and capital to our quality control system encompassing production process and technology control, production machinery inspection, testing methods evaluation and clean production environment examination. In particular, we have and implemented product and process monitoring and measurement control procedures, covering raw materials, parts, work-in-progress and finished product, to ensure compliance with inspection standards or test specifications. During the production, we reduce the defective product rate by increasing automation, controlling the surface process through product and process monitoring and measurement control procedure. We have established laboratories with quality control teams to monitor the implementation of our quality control measures.

In addition, we have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers, such as screening prior to engaging new suppliers and conducting regular evaluations of their performance and the quality of the goods supplied by them. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, primarily including their reputation, credentials, techniques, qualifications, experience, supply volume capacity, price and delivery time. We require all of our suppliers to comply with our internal supply management policies. We conduct regular or ad hoc on-site inspections of suppliers and require suppliers to timely remedy quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return based on our inspection and examination results, and suppliers are generally liable to us and our customers for any product quality issues of our products caused by them. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product quality issues with the products supplied by the suppliers that adversely affected our business.

We have established a full set of quality control standards and methods for compliance with requirements of the automotive industry. We have also obtained ISO9001 and ISO/TS16949 certifications for the quality management system for our automotive electronics business. For our automotive safety business, we have obtained ISO/TS16949 certifications for our quality management system. We rely on the global integration and standardization of our designing standards, research process and computer-aided design and simulation tools across various regions. We also ensure our products comply with international standards and quality warranty systems by requiring substantial evidence collection from physical testing before commercialization.

LOGISTICS AND INVENTORY MANAGEMENT

We engage qualified third-party logistics service providers to deliver our products and solutions to locations specified by our customers. Our contracts with third-party logistic service providers contain detailed standards for the transportation of our products and solutions. We periodically evaluate their compliance and performance to ensure smooth delivery. To the best of our knowledge, all logistics service providers are Independent Third Parties.

Our inventories mainly comprise raw materials, work in progress and finished products. Our inventory management is closely linked with our production plans and benefits from our strong relationships with customers and suppliers, which enable us to effectively manage the level of inventories, mitigate inventory-related risks and enhance our overall operational efficiency. To effectively manage our inventories, we have implemented an inventory management system that documents and monitors incoming and outgoing materials regularly to ensure that an optimal inventory level is maintained to satisfy the customer needs while minimizing any wastage and avoiding obsolescence. We closely manage inventory levels to support production.

OUR CUSTOMERS

We have a broad customer base worldwide covering industry leading players. As of September 30, 2024, our OEM customers had covered more than 100 automotive brands worldwide, and represented a combined market share exceeding 90%, according to Frost & Sullivan. Our customer base covered the top ten OEMs in both China and the world and had a broad and in-depth engagement with leading EV brands worldwide.

We have in-depth collaboration with global mainstream OEMs across multiple fields, from the preliminary research and joint development of new technologies to efficient global mass production and continuous iteration and localized efficient service response, to fully meet their needs for leading technology, optimal quality, reliable mass production capacity and rapid response. We believe that the strategic alignment with our OEM customers is crucial in supporting their efficient iteration of products, enabling our OEM customers to stay ahead in the swiftly evolving landscape of intelligent electrification within the automotive industry.

Our Group built long-lasting partnerships with core customers, creating a strong foundation of trust. Preh GmbH brings around decades of experience in automotive electronics and has developed decades-long relationships with leading global OEMs. Similarly, Joyson Safety Systems has maintained partnerships with global OEM customers for over a century. As such, we believe that we have gained a profound understanding of our OEM customers' development processes and internal technical specifications, which enables us to enhance collaborative development and production efficiency, leading to our success in fostering customer loyalty.

Major Customers

In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our five largest customers in each period of the Track Record Period in aggregate was RMB24,191 million, RMB27,927 million and RMB19,554 million, representing 48.6%, 50.1% and 47.5% of our total revenue, respectively. In 2022 and 2023 and the nine months ended September 30, 2024, revenue generated from our largest customer in each period of the Track Record Period was RMB10,985 million, RMB13,578 million and RMB9,576 million, representing 22.1%, 24.4% and 23.3% of our total revenue, respectively. See "Risk Factors — Changes in sales, production and market demand of automotives can materially and adversely affect our business, financial condition and results of operations."

The tables below set forth information about our five largest customers in each period of the Track Record Period:

Year ended December 31, 2022

Customers	Background	Major solutions/ products provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit term
			RMB'000			
Customer A . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	automotive intelligence solutions, E-mobility solutions, HMI products and automotive safety solutions	10,984,895	22.1	before 2010	within 60 days
Customer B . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	E-mobility solutions, HMI products and automotive safety solutions	4,442,485	8.9	before 2010	within 40 days
Customer C . .	a major international OEM located in the U.S. and listed on New York Stock Exchange	HMI products and automotive safety solutions	3,739,598	7.5	before 2010	within 60 days
Customer D . .	a major international OEM located in the U.S. and listed on New York Stock Exchange	HMI products and automotive safety solutions	2,636,799	5.3	before 2010	within 50 days
Customer E . .	a major international OEM located in Japan and listed on Tokyo Stock Exchange	automotive safety solutions	2,387,617	4.8	before 2000	within 70 days

Year ended December 31, 2023

Customers	Background	Major solutions/ products provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit term
			RMB'000			
Customer A . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	automotive intelligence solutions, E-mobility solutions, HMI products and automotive safety solutions	13,578,056	24.4	before 2010	within 60 days
Customer B . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	E-mobility solutions, HMI products and automotive safety solutions	5,043,310	9.0	before 2010	within 40 days
Customer C . .	a major international OEM located in the U.S. and listed on New York Stock Exchange	HMI products and automotive safety solutions	4,076,210	7.3	before 2010	within 60 days
Customer E . .	a major international OEM located in Japan and listed on Tokyo Stock Exchange	automotive safety solutions	2,663,280	4.8	before 2000	within 70 days
Customer F . .	a major international OEM located in Netherlands and listed on Italian Stock Exchange	automotive safety solutions	2,566,207	4.6	before 2010	within 60 days

Nine months ended September 30, 2024

Customers	Background	Major solutions/ products provided	Revenue	% of total revenue	Year of commencement of business relationship	Credit term
			RMB'000			
Customer A . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	automotive intelligence solutions, E-mobility solutions, HMI products and automotive safety solutions	9,575,845	23.3	before 2010	within 60 days
Customer B . .	a major international OEM located in Germany and listed on Frankfurt Stock Exchange	E-mobility solutions, HMI products and automotive safety solutions	3,301,482	8.0	before 2010	within 40 days
Customer C . .	a major international OEM located in the U.S. and listed on New York Stock Exchange	HMI products and automotive safety solutions	2,945,825	7.2	before 2010	within 60 days
Customer D . .	a major international OEM located in the U.S. and listed on New York Stock Exchange	HMI products and automotive safety solutions	1,952,543	4.7	before 2010	within 50 days
Customer E . .	a major international OEM located in Japan and listed on Tokyo Stock Exchange	automotive safety solutions	1,777,812	4.3	before 2000	within 70 days

Note: Business relationships between our major customers and certain acquired subsidiaries commenced before the listed years.

To the best of our knowledge, none of our Directors, their respective close associates or any Shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers in each period of the Track Record Period.

Salient Terms of Agreements with Customers

The customers typically organize a bidding process and upon a successful bid, we enter into framework agreements with our OEM customers. The framework agreement generally extends until the end of the lifecycle of a specific vehicle model. The typical salient terms of framework agreements with our customers during the Track Record Period are set out below:

- ***Specifications***. Our customers typically set forth specific specification requirements for products or solutions ordered, such as name, model, configuration and features.

- ***Term***. The term of the agreement is determined on a case-by-case basis according to each individual agreement.

- ***Payment and credit term***. The sales amounts are separately agreed between both parties. Our customers are typically required to settle payment within 30 to 90 days after the receipt of the invoices, or by installment in accordance with the agreement.

- ***Warranty***. We provide warranty periods for our products and solutions based on time or mileage, as specified in the contracts.

- ***Delivery***. We are generally responsible for delivering the products to locations designated by the customers.

- ***Transfer of risks.*** The risks transfer to customers after they confirm the receipt of our products.

- ***Acceptance.*** If customers determine that the products or solutions received does not meet their requirements, they must notify us in writing within a specified time; otherwise, the products or solutions are considered to be accepted.

Customer Services

Customer satisfaction is crucial to our success. As one of the few Chinese intelligent automotive technology companies that have built a highly global platform, leveraging our well-coordinated global system of R&D, production and sales support, we strive to provide a wide spectrum of products and solutions that cater to various customer demands, and furnish high-quality and responsive customer services.

In particular, our global network and market insights provide Chinese OEMs valuable insights when entering into overseas market. Leveraging the benefits of our global framework, we are able to offer localized production and research services to Chinese OEMs, as well as empowering them in domestic regulatory compliance from R&D, production to product standards, assisting them in accelerating their expansion in the global market. For example, we entered into a global strategic cooperation agreement with a major domestic EV brand in September 2024. Through our branches in 25 countries and regions, we aim to support its international expansion by providing our comprehensive overseas expertise in product development, testing, manufacturing, and regulatory compliance.

Returns and Replacement

We have developed a standard solution return procedure. When a customer requests the return of non-conforming solutions, the customer needs to provide us with a non-conforming sample and our quality control team shall accept the return request upon determination of any non-conformity. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material solution return or recall due to defects in our solutions that will materially and adversely impact on our business, financial condition and results of operations.

After-Sales and Warranty

In our ongoing efforts to maintain customer satisfaction and improve our products and solutions, our after-sales team provides comprehensive after-sales services. They can diagnose issues and identify solutions for customers' problems. Upon receiving customer complaints, we conduct a preliminary analysis. Following the acknowledgment of customer complaints, a dedicated team is assembled by our quality engineers and other experts from production, R&D, project management, and supply chain departments. For significant customer complaints that involve production halts, claims, or recalls, quality engineers are required to compile relevant information in writing and report to the quality manager and the responsible vice president to expedite resolution. If the analysis reveals that the issue stems from purchased raw materials or components, we will notify the procurement team and the supplier, halting further procurement immediately. In cases where solutions materials, structural design, software or hardware design, or processing schemes are found to be non-compliant, we conduct thorough assessments.

We have established after-sales service and warranty management procedures. We provide warranty periods for our products and solutions based on time or mileage, as specified in the contracts. During the warranty period, we provide after-sales services such as repair, replacement and returns for our customers based on the specific circumstances of our products and solutions in accordance with the applicable laws and regulations.

We may be obligated to assume the product liability in the event of any quality defects in our products and solutions that result in personal or property damage. If such claims arise from our product and solution defects in the raw materials or components we procure from our suppliers, we may have the right to request them to assume the corresponding product liability. See "Risk Factors — Risks Relating to Our Business and Industry — Undetected defects, errors or bugs of our products and solutions could adversely affect our business, financial condition and results of operations." In 2022, 2023 and the nine months ended September 30, 2024, we made provisions of RMB412.4 million, RMB352.3 million and RMB88.5 million for product warranties and claims, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any complaints, litigation or other incidents regarding the quality and safety of our solutions that will have any material adverse impact on our business, financial condition and results of operations.

As advised by our PRC Legal Advisor, according to the PRC Civil Code (《中華人民共和國民法典》), if a product has defects that cause damage to others, the manufacturer shall bear the liability for infringement, and the infringed party may request compensation from the manufacturer or seller of the product. Where a defect is caused by the manufacturer, the seller who has paid compensation has the right to indemnification against the manufacturer. And according to the PRC Product Quality Law (《中華人民共和國產品質量法》), if a product has defects that cause personal injury or property damage (other than the damage to the defective product itself), the manufacturer shall be liable for compensation. Therefore, if it is proved that a traffic accident occurred due to a defect of our solutions, causing personal and other property damage, we need to bear compensation responsibilities. Moreover, according to the Implementing Measures for the Administrative Regulations on the Recall of Defective Auto Products (Revised in 2020) (《缺陷汽車產品召回管理條例實施辦法(2020年修訂)》), the manufacturers of automobiles and automobile trailers (the "**Automobile Manufacturers**") shall be responsible for recalling defective automobiles, and we, as the auto part manufacturer, shall report information concerning defective automobiles to the SAMR, and notify the Automobile Manufacturers. The SAMR and entrusted market regulatory departments shall have the power to conduct on-the-spot investigations on the premises of auto part manufacturers, and auto part manufacturers shall render assistance during a defective automobile investigation and furnish relevant information as required in the investigation. See "Regulatory Overview." Furthermore, according to the related contract between our Company and relevant customers, our Company shall be liable for any losses caused to customers due to the quality of the products provided by our Company. Meanwhile, if a customer finds any quality problems in the products provided by our Company in such links as the receipt, inspection, use and after-sales, the customer may require our Company to replace, return the goods or repair the product, refuse to pay the purchase price, or claim compensation or other similar treatment according to actual situations.

SALES AND MARKETING

Sales and Marketing Network

We make direct sales of our products and solutions to customers. We primarily sell our products and solutions based on design wins received from our customers.

As of September 30, 2024, we operated a dedicated in-house sales and marketing team of 369 employees around the world. Our sales and marketing team has profound industry knowledge and expertise and works closely with our customers and partners as well as our internal operations teams to promote our products and solutions, in both China and overseas. We have a long history of physical presence and operate sales offices across multiple countries and regions, including major markets in Europe, the Americas and Asia. Through these sales offices, we maintain long-term, collaborative customer relationships and expand our reach to cover most of the world.

Pricing

We are committed to providing competitive prices and continuously optimizing our cost structure by adopting more efficient technical designs and utilizing our supply chain resources. We also adjust our selling prices dynamically based on the techniques and market position of the products and solutions and the customer profile.

We engage in close communication with customers concerning fluctuations in raw material prices, logistics costs, and exchange rates, as these factors directly impact the cost of providing our products and solutions. By maintaining close communication with our customers, both parties can negotiate pricing adjustments to reflect these changes. In addition, we may also reduce the selling price for our products and solutions annually, in line with industry norms.

Marketing Activities

As world-leading intelligent automotive technology solution provider, we are committed to maintaining and enhancing our brand reputation through diverse marketing activities, while comprehensively showcasing our extensive product and solution portfolio. Our marketing and promotion strategies are dynamic, focusing on deep communication and collaboration with industry partners. We actively participate in industry forums, technical conferences, and exhibitions, using these platforms to present our advanced products and solutions. In addition, we work closely with industry media, releasing information on the latest technological innovations, product and solution upgrades and application developments, ensuring continuous exposure and effective dissemination of our brand message.

We understand that high-quality products and solutions and optimized marketing channels complement each other and are key to achieving sustained brand growth and attracting high-quality potential customers. Therefore, we tailor marketing strategies for different types of products and solutions, aiming to enhance brand awareness and expand our customer base. Specifically, for automotive electronics business, we focus on customer expansion, actively engaging in POC projects, collaborating with potential customers, and continuously optimizing the competitiveness of our products and solutions to ensure we maintain a leading position in the fiercely competitive market.

OUR SUPPLIERS

Our suppliers primarily consist of raw materials suppliers. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery.

Major Suppliers

In 2022 and 2023 and the nine months ended September 30, 2024, purchase amount to our top five suppliers in each period of the Track Record Period in aggregate was RMB3,743.0 million, RMB3,796.6 million and RMB2,997.5 million, representing 8.9%, 8.4% and 9.5% of our total purchase amount, respectively. In 2022 and 2023 and the nine months ended September 30, 2024, purchase amount to our largest supplier in each period of the Track Record Period was RMB925.5 million, RMB852.1 million and RMB766.8 million, representing 2.2%, 1.9% and 2.4% of our total purchase amount, respectively.

The following table sets forth details of our five largest suppliers in each period of the Track Record Period:

Year ended December 31, 2022

Suppliers	Background	Products purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit term
			RMB'000			
Supplier A . . .	a leading supplier that primarily engages in celluloid technologies, organic chemicals, high-performance chemicals, polymers and pyrotechnic devices located in Japan	hardware components	925,549	2.2	before 2010	within 90 days
Supplier B . . .	a leading supplier of chemical intermediates for the polypropylene and nylon value chains located in the U.S.	textile	816,438	1.9	before 2010	within 30 days
Supplier C . . .	a leading supplier of electronic components and services located in the U.S. and listed on Nasdaq Stock Exchange	electronics components	773,053	1.8	before 2010	within 60 days
Supplier D . . .	a leading supplier of microcontrollers, analog, power and SoC products located in Japan and listed on Tokyo Stock Exchange	electronics components	652,299	1.6	before 2011	within 30 days
Supplier E . . .	a leading supplier that primarily engages in functional chemicals, pharmaceuticals, safety systems and agrochemicals located in Japan and listed on Tokyo Stock Exchange	hardware components	575,630	1.4	before 2011	within 90 days

Year ended December 31, 2023

Suppliers	Background	Products purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit term
			RMB'000			
Supplier A . . .	a leading supplier that primarily engages in celluloid technologies, organic chemicals, high-performance chemicals, polymers and pyrotechnic devices located in Japan	hardware components	852,092	1.9	before 2010	within 90 days
Supplier C . . .	a leading supplier of electronic components and services located in the U.S. and listed on Nasdaq Stock Exchange	electronics components	827,092	1.8	before 2010	within 60 days
Supplier B . . .	a leading supplier of chemical intermediates for the polypropylene and nylon value chains located in the U.S.	textile	762,752	1.7	before 2010	within 30 days
Supplier D . . .	a leading supplier of microcontrollers, analog, power and SoC products located in Japan and listed on Tokyo Stock Exchange	electronics components	715,856	1.6	before 2011	within 30 days
Supplier E . . .	a leading supplier that primarily engages in functional chemicals, pharmaceuticals, safety systems and agrochemicals located in Japan and listed on Tokyo Stock Exchange	hardware components	638,829	1.4	before 2011	within 90 days

Nine months ended September 30, 2024

Suppliers	Background	Products purchased	Purchase amount	% of total purchases	Year of commencement of business relationship	Credit term
			RMB'000			
Supplier C . . .	a leading supplier of electronic components and services located in the U.S. and listed on Nasdaq Stock Exchange	electronics components	766,845	2.4	before 2010	within 60 days
Supplier D . . .	a leading supplier of microcontrollers, analog, power and SoC products located in Japan and listed on Tokyo Stock Exchange	electronics components	646,112	2.1	before 2011	within 30 days
Supplier B . . .	a leading supplier of chemical intermediates for the polypropylene and nylon value chains located in the U.S.	textile	536,916	1.7	before 2010	within 30 days
Supplier A . . .	a leading supplier that primarily engages in celluloid technologies, organic chemicals, high-performance chemicals, polymers and pyrotechnic devices located in Japan	hardware components	533,979	1.7	before 2010	within 90 days
Supplier E . . .	a leading supplier that primarily engages in functional chemicals, pharmaceuticals, safety systems and agrochemicals located in Japan and listed on Tokyo Stock Exchange	hardware components	513,623	1.6	before 2011	within 90 days

Note: Business relationships between our major suppliers and certain acquired subsidiaries commenced before the listed years.

To the best of our knowledge, none of our Directors, their respective close associates or any Shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers in each period of the Track Record Period.

Supply of Raw Materials and Components

Our procurement is generally based on our customized production plan. Relying on the production schedule from our OEM customers, we issue forecast quantities to our suppliers. These forecasts are categorized into long-term and short-term expectations. The long-term forecast extends over approximately 52 weeks and is updated monthly on a rolling basis, while the short-term forecast spans one to four weeks and is updated on a rolling basis.

To address the unique needs of our products and solutions, we have a specialized team that sources raw materials and components, primarily including metals, electronic components and textiles. We source raw materials, such as steel, resin and aluminum from local markets, utilizing global bundling volumes to negotiate with suppliers and achieve optimal costs in each region. For some key raw materials, we formulate unified procurement strategies, and maintain cooperative relationships with major global players to ensure competitive pricing and avoid the risks associated with monopoly and single sourcing. For example, for PCB, we formulate procurement strategies through process research and price analysis, and adopt business negotiations, VAVE and other means to reduce procurement costs.

In addition, we have also established a global supplier network and maintained a comprehensive global procurement system to support these strategies effectively. For certain raw materials, such as integrated circuits and chips, we engage in global sourcing from leading international suppliers to mitigate supply chain risks. By leveraging large-scale procurement and allowing our procurement personnel in different countries and regions to conduct localized procurement, we are able to improve profitability.

To ensure a stable supply of raw materials and components, we implement several measures, such as eliminating or avoiding exclusive supply, valuing alternative sources and strengthening our supplier admission standards. We also actively monitor the inventory levels and adjust our stock quantities accordingly to mitigate potential risks in raw material price fluctuations.

The prices of raw materials and components are primarily determined based on competitive negotiation with key suppliers, using global market indices as a reference. We primarily negotiate prices with our suppliers on an annual basis. For transportation costs, suppliers are responsible for delivery to our production factories, but in some cases, we also use trade terms such as Ex Works, FOB and FCA.

Selection and Management of Suppliers

When selecting suppliers, we take into account diverse factors, primarily including the suppliers' reputation, credentials, techniques, qualifications, experience, supply volume capacity, price and delivery time. We have implemented a comprehensive supplier management system that defines the admission of suppliers, management of qualified suppliers and termination of unqualified suppliers to ensure the efficiency of our supplier management.

During our preliminary supplier evaluation, we scrutinize the basic information of potential suppliers, including their company address, registered capital, supply capabilities and relevant official certificates. After these requirements are met, we review their production processes, product quality and market conditions. We may have on-site visits to production sites of potential suppliers. Potential suppliers are also required to provide samples for our testing and assessment. Successful suppliers are then admitted to our list of qualified suppliers.

We carry out performance assessments to ensure the product quality and service of our suppliers and inform the suppliers of our assessment result and rectification requirements. In addition, we conduct examinations on the raw materials and components delivered, including their appearance, functions and sizes, to ensure the consistency of the high quality of our solutions. If certain raw materials and components fail to meet our stringent testing standards, we are entitled to request the return of the affected batch. The supplier is obliged to perform an analysis of the returned solutions, identify the causes for non-compliance, and propose rectification measures.

Salient Terms of Agreements with Suppliers

We generally do not enter into long-term supply agreements with fixed price arrangements, which is in line with industry norms. We typically enter into framework supply agreements with suppliers, the salient terms of which are set forth below:

- *Solutions specifications*. We typically specify the raw materials and/or components, specification, price, quantity and other detailed items in each purchase order.

- *Price*. The suppliers are not permitted to increase the price of the raw materials and/or components without our consent.

- *Delivery*. The suppliers are generally responsible for delivery of raw materials and/or components to our designated location specified in each purchase order.

- *Payment*. We typically settle the payment within 30 to 90 days of receiving the invoice from the suppliers.

- *Quality control*. We provide our suppliers with raw materials and/or components specifications in advance, and we inspect the products upon receipt to determine any deviations from their samples and specifications. We have the right to reject and return any products that do not meet our specifications or to request replacement or maintenance.

INTELLECTUAL PROPERTY

We depend on our in house technologies and production know-how to maintain our competitive position in the markets in which we operate, and we produce intellectual properties through our extensive R&D activities. Our intellectual properties primarily consist of patents, trademarks and copyrights. As of September 30, 2024, our Company and Major Subsidiaries had approximately 2,000 registered patents worldwide. As of the same date, our Company and PRC Major Subsidiaries also have 38 trademarks, 172 software copyrights in the PRC. See "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" for our material intellectual property rights.

We have formulated in-house intellectual property management rules. We enter into standard confidentiality agreements with all employees and non-competition agreements with our management personnel and core R&D personnel. We adopt a strategic and proactive approach to manage our intellectual property portfolio. We designate dedicated personnel to handle intellectual property-related issues, including monitoring the status of intellectual property applications and performing routine checks to prevent and identify any third-party infringement of our intellectual property rights. In addition, we have developed internal policies to promote the development of inventions, ideas, discoveries, improvements and copyrightable materials by our employees and to compensate fairly employees who achieve such results arising from their employment with us.

During the Track Record Period, we had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties.

DATA PRIVACY AND SECURITY

During the Track Record Period, we collect, process and store data in accordance with applicable laws, data protection and information security policies and privacy policies. According to our data storage system, the data storage period is as follows: (i) for data with a minimum storage period specified by law, storage is carried out in accordance with the requirements; and (ii) for data with no storage period specified by law, we determine the storage period in accordance with our business strategy.

On July 7, 2022, the Cybersecurity Administration of China ("CAC") promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which became effective on September 1, 2022. According to the Measures on the Security Assessment of Cross-border Data Transfer, the data processor that providing personal information or important data collected and generated in the course of business operations in the Chinese mainland to overseas recipients, in any of the following circumstances, shall apply for cross-border data transfer security assessment. Such data processors include (i) data processors that provide important data abroad; (ii) critical information infrastructure operators ("CIIO") or the data processors that have processed the personal information of over one million people and provide personal information abroad; (iii) data processors that have provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year and provide personal information abroad; and (iv) any other circumstance where an application for the security assessment of cross-border data transfer is required by the national cyberspace administration. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC data compliance legal advisor, considering that we do not have any of the above circumstances, we are not involved in any cross-border digital transmission security assessment.

On March 22, 2024, the CAC promulgated Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which became effective on the date of promulgation and further clarifies the circumstances exempting from cross-border digital transmission security assessment. For instance, according to the Provisions on Promoting and Regulating Cross-border Data Flows, the data collected and generated in such activities as international trade, cross-border transport, academic cooperation, transnational manufacturing and marketing, which does not contain personal information or important data is exempted from declaring cross-border digital transmission security assessment, and the data processors other than CIIO provide the personal information (excluding sensitive personal information and important data) of no more than 100,000 people accumulatively since January 1 of the current year and provide personal information shall be exempted from declaring cross-border digital transmission security assessment also.

Data security and protection are among our highest priorities. In this regard, we have designed strict data protection and information security policies to ensure compliance with applicable laws, regulations and prevalent industry practices, including confidentiality categorization, access control, data encryption and desensitization to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data. We have implemented internal policies on protecting data privacy and security, with the purpose of ensuring data and information security, optimizing data governance, protecting the benefits of our customers, business partners, employees and other third parties, and ensuring compliance with all applicable laws and regulations. We implement a robust internal authentication and authorization system to ensure that our confidential and important business data and trade secrets can only be accessed for authorized use and by authorized personnel. We also have a data backup system to minimize the risk of data loss. We have established an information system in relation to data security requirements, national standards and industry best practices. Our information system applies multiple layers of safeguards, including but not limited to internal end device security, external firewalls and data traffic monitoring, to identify and protect us against security attacks. Several subsidiaries of our Group obtained TISAX certification in 2023, which attests to the high level of information security we achieved through our data protection policies.

INTRA-GROUP TRANSACTIONS

We established subsidiaries and carried out our operations in various countries across Asia, the Americas and EMEA. Our subsidiaries perform different functions, mainly including to contract manufacturers, manufacturer bearing market risks, distributors, technical service providers and operational service providers.

We have transactions among the subsidiaries within our Group. Such intra-Group transactions should be on an arm's-length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**") promulgated by the Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation. In this regard, we have engaged an international professional tax consultant company in the PRC (the "**transfer pricing advisor**") to conduct review, analyze and evaluate the potential risks from perspectives of the OECD Transfer Pricing Guideline, and the applicable laws and regulations related to transfer pricing in the jurisdictions involved in our transfer pricing arrangements.

After assessing our transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date, the transfer pricing advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, our transfer pricing arrangements were consistent with the arm's length principle under both OECD Transfer Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in all material respects, and the risk for our Group to conduct material transfer pricing adjustment and pay additional tax can be considered as low. Based on the foregoing, our Directors are of the view that our transfer pricing arrangements are in line with the OECD Transfer Pricing Guidelines and the applicable rules and regulations of transfer pricing arrangements in the relevant jurisdictions in all material respects.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We believe that our continuous growth also depends on integrating social values into our business. We are committed to utilizing our technologies, products and solutions to bring greener driving experiences to drivers and passengers. We have put in place various Environmental, Social and Governance ("**ESG**") initiatives to comprehensively improve our corporate governance for the benefit of society.

ESG Governance

Our ESG management structure consists of three layers: the Board, the Strategy and ESG Committee under the Board, and an ESG working group in charge of implementing our ESG policies.

The Board is primarily responsible for setting the ESG development direction, strategies and objectives, reviewing and approving our ESG management framework, ESG reports and major matters related to ESG. The Strategy and ESG Committee under the Board is primarily responsible for researching, analyzing and evaluating matters related to ESG, raising ESG suggestion to the Board, guiding the daily implementation of ESG work and the preparation of ESG reports. The ESG working group is primarily responsible for: (i) formulating our ESG strategies, objectives, plans and related policies, and submitting them to the Strategy and ESG Committee for review and approval, (ii) collecting information about the progress of our ESG work and related ESG risks, and reporting to the Strategy and ESG Committee, and (iii) coordinating the various business functions of our Company in setting ESG management indicators and detailed ESG measures, and tracking the progress of the execution of such indicators and measures, among other things.

Environmental Protection

Apart from complying with local statutory requirements, we are committed to continuously enhancing our environmental and energy management systems that are certified to ISO14001. The effective guidelines and workflow of the management systems are detailed in the "Operations Control Procedures (運行控制程序)", which is clearly communicated to the employees and effectively implemented in order to improve its environmental practices and energy efficiency.

We strive to strike a balance between sustainable development and business growth. We are committed to reducing our resource consumption and production of wastes, and complying with the requirements of the ISO14001 standard and all relevant environmental protection laws and regulations of the countries and regions where we operate. As such, in 2022, we were recognized as "one of the top ten enterprises in ecological and environmental management in Ningbo (寧波市生態環境治理十佳企業)" and were also designated as a "Ningbo City-level Green Factory (寧波市級綠色工廠)."

Water Resource Management

We have always attached importance to the management of water resources, and strictly comply with the Water Law of the PRC and other relevant laws and regulations of the places where we operate. We develop the water conservation plan annually, setting targets for water usage and conservation. We continuously enhance water management through reduction and recycling methods and actively explore possibilities for optimizing water use structures.

Waste Management

We place great importance on waste management. We strictly comply with relevant laws and regulations in respect of waste management in the places where we operate.

Wastewater. We have established wastewater treatment processes and systems that comply with environmental protection requirements. Our production bases, based on their specific needs and local regulations, have either constructed their own wastewater treatment facilities and/or conduct regular water quality testing to ensure compliant discharge. For example, liquid waste generated from processes such as painting is collected uniformly and handed over to qualified third parties for disposal.

Solid waste. We strictly adhere to the relevant laws and regulations of our operating locations, ensuring responsible disposal of all types of solid waste. We have implemented internal policies for waste management and adopted prevention measures for solid waste pollution. All hazardous waste is entrusted to qualified third-party agencies for disposal, and we conduct regular audits of their hazardous waste handling qualifications.

Energy Management

Purchased electricity is the main energy source that we use during operation. Without affecting the growth of our business, we continue to optimize our energy structure and improve the efficiency of our energy use, while making every effort to achieve the goal of energy conservation and carbon emission reduction.

Responding to Climate Change

We are committed to promoting sustainable development. While actively identifying climate-related risks, we intend to capitalize on the opportunities brought about by climate change and contributing to the mitigation of global climate change. We expect to continually explore measures to reduce our carbon footprints by using clean energy, improving our energy efficiency and monitoring our GHG emission. In 2023, our Scope 1 GHG emissions (direct emissions from resources owned and controlled by the companies), and Scope 2 GHG emissions (indirect emissions from the generation of purchased electricity, including platform vehicle electricity and office electricity) amounted to 31,781.5 tons and 149,022.0 tons of CO2, respectively. Going forward, we aim to further strengthen our ESG practices and promote sustainable development across our extensive global supply network.

Social Responsibility

Occupational Health and Safety

We strive to comply with the Production Safety Law of the PRC (《中華人民共和國安全生產法》) and other relevant laws and regulations in the places of operation, and have formulated a series of rules and regulations relating to work safety and health protection, including "Environment, Health and Safety Manual." We require our specialized workers to be certified based on the characteristics of occupational disease positions. Additionally, we provide occupational health examinations for employees before, during and after employment, and establish health records. In addition, we conduct safety training from time to time to enhance the safety awareness and skills of our employees. During the Track Record Period, we did not experience any safety production accident that had an material and adverse impact on our operations.

Employee diversity and equality

We comply with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), Law of the PRC on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》) and other laws and regulations in all material aspects, and have formulated internal policies to standardize employment practices and procedures including the recruitment and hiring, onboarding and offboarding, to specify the contents of labor contracts and regulations on employment management, and to clarify the rights of employees regarding their working hours, rest and leave, in order to ensure the implementation of the equal employment mechanism. We are committed to fostering a fair and equal working environment and adhering to a transparent recruitment and promotion policy, ensuring equal opportunities for all employees in areas such as recruitment, advancement, welfare protection and career development. For example, we have clarified the legal rights and interests of female employees regarding rest and vacation in our internal policies.

Social Activities

We support the educational initiatives. For example, we have collaborated with Ningbo education department to establish a teaching award fund, which encourages teachers who have dedicated over ten years of service and demonstrated exceptional skills in primary and secondary schools. In addition, we encourage employees to actively donate supplies to impoverished children and other organizations in need of assistance.

COMPETITION

We operate in the automotive industry, which is highly competitive and concentrated. For example, according to Frost & Sullivan, in 2023, the top three suppliers in the global automotive passive safety industry accounted for about 92.8% of the total market size, and the top three suppliers in Chinese automotive passive safety industry accounted for about 86.0% of the total market size. We generally compete with other large-scale manufacturers of automotive components and parts. We believe the most critical factors of success for outcompeting our peers are our globally-distributed facilities and global synergies, reliability and good quality of our products, responsive customer services, leading position in technological innovation especially automotive electrification and intelligence, deep integration of software and hardware and competitive pricing. In addition, we compete primarily based on our mass production experiences, product performance, manufacturing efficiency, stable supplies, responsiveness to changes in customer needs and expansion of marketing and sales networks. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest independent auto parts supplier in China.

We plan to continually improve our R&D capabilities to ensure our products and solutions match the evolving needs of customers. Meanwhile, we may face increasing competition from existing and emerging companies that may significantly expand the scale of their operations. See "Risk Factors — We operate in a highly competitive industry, and we may be unable to continually maintain a leading position in this industry."

INSURANCE

We maintain a number of insurance policies to cover potential liabilities in our daily operation, such as customs duty insurance, machinery breakdown insurance, third-party liability insurance, business interruption insurance, property insurance, comprehensive business insurance, special equipment liability insurance, key person insurance and product transportation insurance. We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and, according to Frost & Sullivan, in accordance with the commercial practices in the industries in which we operate. During the Track Record Period, we did not make any material insurance claims in relation to our business.

EMPLOYEES

As of September 30, 2024, we had 42,590 full-time employees. The tables below set forth a breakdown of our employees by function and by geographical location as of September 30, 2024:

	As of September 30, 2024
Function	
Production	34,551
Sales	369
R&D	5,528
Administration	1,858
Others	284
Total	42,590

	As of September 30, 2024
Geographical location	
China	5,331
Other parts of Asia	3,756
The Americas	15,171
Europe	18,332
Total	42,590

We recruited employees primarily through employment websites, on-campus recruitment and internal referrals during the Track Record Period. We are committed to establishing a competitive and fair remuneration mechanism based on different job positions and duties. To effectively motivate our employees, we continually refine our remuneration and incentive policies. We conduct performance evaluation for employees periodically and provide feedback on their performance. Compensation for our employees typically consists of basic salary and performance-based bonus.

We formulate training plan to provide regular and specialized training tailored to the needs of our employees. Through these trainings, we help our employees stay up to date with both industry developments and skills and technologies. We have always striven to provide our employees with comprehensive social benefits, a diverse working environment and a wide range of career development opportunities. We are committed to providing a safe and healthy workplace, which is backed by strict policies, robust team member education and safety recognition awards, along with continued investments in technology. We support the physical health and well-being of our team members by providing an array of programs that help our people stay at their best level of health. We believe that everyone deserves respect. We are committed to the education, recruitment, development and advancement of diverse team members nationwide, and are recognized for our commitment to those efforts.

We participate in various employee social security plans or welfare plans. We believe that we generally maintain good working relationships with our employees. We did not experience any significant labor disputes or any material difficulty in recruiting staff for our operations during the Track Record Period.

PROPERTIES

Our corporate headquarters are located in Ningbo, Zhejiang Province. As of the Latest Practicable Date, our Company and Major Subsidiaries together had four self-owned properties relating to production and business operations in China with the gross floor area of 199,062.74 square meters and leased certain properties in China. We own and lease properties mainly for manufacturing, business and office purposes.

As of the Latest Practicable Date, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, APPROVALS AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators and are required to obtain various permits, licenses, approvals, and certifications from government authorities as required under the laws and regulations of jurisdictions where we operate. As of the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from applicable authorities that are material for our operations, and such licenses, permits, approvals and certificates were valid and effective.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. See "Risk Factors — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings."

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings 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 noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. These extensive risk management and internal control measures are supported by our specific monitoring and reporting procedures and systems as delineated in the relevant policies. Our Board assumes the responsibilities for overseeing our overall risk management, ensuring that our risk management policies are not only implemented but also regularly reviewed and upgraded to reflect the evolving business landscape.

Furthermore, we established a dedicated risk management and internal control team which is responsible for formulating risk management and internal control policies, conducting internal audit, providing internal control consultation and guiding any necessary rectification measures.

Business Operational Risk Management

We have established a series of internal procedures to manage business operational risks including risks related to incomplete or problematic internal processes, personnel mistakes, IT system failures and external events. We take a comprehensive approach to operational risk management and implement a mechanism with detailed responsibilities. Our business operations, finance, IT and human resources departments are collectively responsible for ensuring that our business operations comply and conform with internal procedures. On the occurrence of a major adverse event, the matter is escalated to our senior management and the Board of Directors may take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial Reporting Risk 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 for our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our compliance team works closely with our finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. Our compliance team works with relevant business departments to obtain requisite governmental approvals or consents for filing with relevant government authorities.

Human Resources Risk Management

We provide regular and specialized training tailored for our employees in different departments. Through these trainings, we ensure that our employees' skill sets remain up-to-date and enable them to discover and meet our customers' needs. We have an employee handbook, detailing internal rules on best commercial practices and work ethics and we provide resources to clarify these guidelines. In addition, we uphold a code of conduct and an anti-bribery policy to ensure compliance with ethical standards and anti-bribery measures. We make our internal reporting channel open and available to our staff for any wrongdoing or misconduct. Reported incidents and persons are investigated and appropriate measures are taken in response to the findings.

Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Prof. LU Guihua, Mr. ZHOU Xingyou and Prof. YU Fang. For the professional qualifications and experience of the members of our audit committee, see "Directors, Supervisors and Senior Management — Directors." We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department holds meetings with the management from time to time to discuss any internal control issues we face and the corresponding measures.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we have received recognition for the quality of our products and solutions as well as our strong R&D capabilities. Some of the significant awards and recognition we have received are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
Top 500 Chinese Enterprises	2024	China Enterprise Confederation & China Entrepreneurs Association (中國企業聯合會,中國企業家協會)
Top 100 Most Competitive Electronic Information Enterprises in 2024 (2024年度電子信息競爭力百強企業)	2024	China Federation of Electronics and Information Industry (中國電子訊息行業聯合會)
Top 100 Global Auto Parts Suppliers in 2024	2024	US Auto News
2024 ICCE Industry Innovation Practice Award (2024年ICCE產業創新實踐獎)	2024	China Automotive Software Conference (中國汽車軟體大會/中國汽車工業協會)

Award/Recognition	Award year	Awarding Institution/Authority
9th China Auto Parts Industry Awards • Body System Category • the Golden Award for Advanced Technology (第九屆鈴軒獎前瞻•車身系統類金獎)	2024	Auto Business Review
The Best Supplier in Quality Performance 2024 (2024質量表現最佳供應商)	2024	IAQSA (國際汽車品質標準化協會)
Zhejiang Province Science and Technology Leading Enterprise (浙江省科技領軍企業)	2023	Department of Science and Technology of Zhejiang Province (浙江省科學技術廳)
National Intellectual Property Advantage Enterprise in 2023 (2023年度國家知識產權優勢企業)	2023	China National Intellectual Property Administration (國家知識產權局)
2023 The General Association of Zhejiang Entrepreneurs Annual Internationalization Sample (2023浙商年度國際化樣本)	2023	The General Association of Zhejiang Entrepreneurs (浙商總會)
Automotive Electronics Smart Manufacturing Demonstration Factory (汽車電子器件智能製造示範工廠)	2022	MIIT
Top 100 Manufacturing Enterprises in Zhejiang Province (浙江省製造業百強企業)	2022	Zhejiang Federation of Enterprises & Zhejiang Entrepreneurs Association & Zhejiang Federation of Industrial Economics (浙江省企業聯合會,浙江省企業家協會,浙江省工業經濟聯合會)

OVERVIEW

Upon [**REDACTED**], certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The following persons, among others, will become our connected persons upon [**REDACTED**]:

Name of our connected persons	Connected relationship
Joyson Group and its associates (excluding the PIA Connected Persons) (collectively, "**Joyson Group Connected Persons**")	Joyson Group is one of our Controlling Shareholders
PIA Automation, a company listed on the Shanghai Stock Exchange (stock code: 688306.SH), and its subsidiaries (collectively, "**PIA Connected Persons**")	PIA Automation is a 30%-controlled company held directly by Joyson Group, one of our Controlling Shareholders, and is indirectly held by Mr. Wang as to over 50%

OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
Fully exempt continuing connected transactions			
1. Lease of properties and office facilities	Joyson Group Connected Persons	14A.76(1)	N/A
2. Lease of properties	PIA Connected Persons	14A.76(1)	N/A
3. Provision of administrative services	Joyson Group Connected Persons	14A.76(1)	N/A
4. Provision of administrative services	PIA Connected Persons	14A.76(1)	N/A

Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
5. Guarantees in favor of our Group	Joyson Group	14A.90	N/A
Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)			
1. Procurement of equipment and services	PIA Connected Persons	14A.35, 14A.76(2), 14A.105	Announcement requirement
2. Procurement of administrative services	Joyson Group Connected Persons	14A.35, 14A.76(2), 14A.105	Announcement requirement

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with Joyson Group Connected Persons and PIA Connected Persons on normal commercial terms, which will continue after the [**REDACTED**]:

(1) lease of properties and office facilities, such as network cabinets, to Joyson Group Connected Persons. The pricing shall be determined after an arm's length negotiations with reference to the location, function and size of the properties, the specification of the required office facilities, and are to be no less favorable to our Group than the prevailing market price of the rent of similar property in the vicinity and similar office facilities.

(2) lease of properties to PIA Connected Persons. The pricing shall be determined after an arm's length negotiations with reference to the location, function and size of the properties, and are to be no less favorable to our Group than the prevailing market rent of similar property in the vicinity.

(3) provision of administrative services, such as sharing of utilities, to Joyson Group Connected Persons. The pricing shall be determined on a cost basis with reference to the cost incurred by our Group and such costs are allocated to Joyson Group on a fair and equitable basis.

(4) provision of administrative services, such as human resource support, training services and sharing of office premises and utilities, to PIA Connected Persons. The pricing shall be determined after an arm's length negotiations with reference to the cost incurred by our Group in respect of the relevant services. The pricing terms are to be no less favorable to our Group than the prevailing market price of similar services.

As the highest applicable percentage ratios for each of the abovementioned transactions for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis, each of such transactions will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(1) of the Listing Rules that will be fully exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) Joyson Group has provided guarantees in favor of our Group in respect of certain bank borrowings of our Group (the "**Connected Guarantees**"). We have no current plan to release all the outstanding Connected Guarantees prior to completion of the [**REDACTED**] as our Directors believe that the early discharge of the Connected Guarantees is not in the best interests of our Group and Shareholders as a whole. For more details, see "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence" in this document.

The Connected Guarantees constitute financial assistance received by our Group from our connected persons for the benefit of our Group under Rule 14A.90 of the Listing Rules. Since the Connected Guarantees are on normal commercial terms or better to our Group and are not secured by the assets of our Group, the Connected Guarantees are fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS)

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Procurement of equipment and services from PIA Connected Persons

Principal terms

On [●], 2025, our Company entered into the procurement framework agreement with PIA Automation (the "**PIA Procurement Framework Agreement**"), pursuant to which our Group may, from time to time, procure from PIA Connected Persons certain customized intelligent manufacturing equipment for assembly and inspection and related digital software research and development services (the "**PIA Procurement**"). The PIA Procurement Framework Agreement has an initial term commencing on the [**REDACTED**] and ending on December 31, 2027, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons and benefits for the transactions

PIA Automation is a leading supplier of industrial equipment and automated manufacturing solutions. In our ordinary and usual business, our Group has been procuring from PIA Connected Persons the products and services in respect of the PIA Procurement from time to time, which enables them to be familiar with our business needs, quality standards and operational requirements in respect of our production and assembly lines. Based on our experience in cooperations with PIA Connected Persons in respect of the PIA Procurement, we consider that PIA Connected Persons are capable of effectively and stably satisfying our demand with quality production and assembly solutions.

Therefore, we believe it is in the interest of our Company and our Shareholders as a whole to enter into the PIA Procurement Framework Agreement and to continue with the PIA Procurement upon the [**REDACTED**].

Pricing basis

The pricing for the PIA Procurement shall be determined based on arm's length negotiations between the parties with reference to the type and specification of equipment/service required, the relevant labor costs, raw material costs and production costs, and the prevailing market price of similar equipment/service.

The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions. We will regularly review the prices charged by PIA Connected Persons in respect of the PIA Procurement with reference to prevailing market prices of similar products to ensure they are on normal commercial terms and are fair and reasonable.

Historical amounts

For the years ended December 31, 2022, 2023 and the nine months ended September 30, 2024, the historical transaction amounts in respect of the PIA Procurement were approximately RMB170.2 million, RMB134.1 million and RMB106.4 million, respectively.

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the PIA Procurement Framework Agreement for the three years ending December 31, 2025, 2026 and 2027 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31,		
	2025	**2026**	**2027**
Procurement amounts to be paid by our Group	236.2	221.9	174.9

In arriving at the above annual caps, the Directors have considered, among other things,

(a) the historical transaction amounts during the Track Record Period;

(b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and PIA Connected Persons; and

(c) the estimated demand for the PIA Procurement for the three years ending December 31, 2027, which is expected to increase in general as compared to the historical amounts during the Track Record Period considering our expansion plan, leading to more demand for the PIA Procurement. The annual cap in 2025 is relatively higher due to our additional procurement of intelligent manufacturing equipment in anticipation of our new projects secured, which will be completed in phases in the following three years, and the delivery of certain existing projects.

Procurement of administrative services from Joyson Group Connected Persons

Principal terms

On [●], 2025, our Company entered into the procurement framework agreement with Joyson Group (the "**Joyson Group Procurement Framework Agreement**"), pursuant to which our Group may, from time to time, procure from Joyson Group Connected Persons certain property management, catering and other administrative services (the "**Joyson Group Procurement**"). The Joyson Group Procurement Framework Agreement has an initial term commencing on the [**REDACTED**] and ending on December 31, 2027, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Reasons and benefits for the transactions

In our ordinary and usual business, our Group has been procuring from Joyson Group Connected Persons the services in respect of the Joyson Group Procurement from time to time to support our daily operations. The Joyson Group Procurement enables Joyson Group Connected Persons to be familiar with our operational needs and administrative requirements in respect of the relevant daily administrative services. In addition, it is more cost-effective for our Group to procure such administrative services from Joyson Group Connected Persons rather than maintaining our own headcounts for processing such work.

Therefore, we believe it is in the interest of our Company and our Shareholders as a whole to enter into the Joyson Group Procurement Framework Agreement and to continue with the Joyson Group Procurement upon the [**REDACTED**].

Pricing basis

The pricing for the Joyson Group Procurement shall be determined based on arm's length negotiations between the parties with reference to the market price of similar services and the price charged by Joyson Group Connected Persons to other members within Joyson Group, taking into account the service type and anticipated operational costs including but not limited to labor costs and costs of materials.

The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions. We will regularly review the prices charged by Joyson Group Connected Persons in respect of the Joyson Group Procurement with reference to prevailing market prices of similar products to ensure they are on normal commercial terms and are fair and reasonable.

Historical amounts

For the years ended December 31, 2022, 2023 and the nine months ended September 30, 2024, the historical transaction amounts in respect of the Joyson Group Procurement were approximately RMB15.5 million, RMB17.7 million and RMB15.6 million, respectively.

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the Joyson Group Procurement Framework Agreement for the three years ending December 31, 2025, 2026 and 2027 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31,		
	2025	2026	2027
Procurement amounts to be paid by our Group	31.3	36.2	39.3

In arriving at the above annual caps, the Directors have considered, among other things,

(a) the historical transaction amounts and the growing trend during the Track Record Period;

(b) the estimated demand for the Joyson Group Procurement for the three years ending December 31, 2027, which is expected to continue to increase in line with our expansion and development;

(c) the estimated service fee to be charged for the Joyson Group Procurement, with reference to the price level during the Track Record Period and the potential fluctuation in the price, taking into account the cost; and

(d) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Joyson Group Connected Persons.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the [**REDACTED**].

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement requirement would be impractical, and such requirement would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt Continuing Connected Transactions (subject to reporting, annual review and announcement requirements)" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above are in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interest of our Company and our Shareholders as a whole, and the proposed annual caps for such transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the aforesaid non-exempt continuing connected transactions, (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussion with the Company. Based on the above, the Joint Sponsors are of the view that the aforesaid non-exempt continuing connected transactions are in the ordinary and usual course of our business and on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of such non-exempt continuing connected transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the relevant responsible personnel/departments in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules.

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap as stated above.

- When considering any renewal or revisions to the agreements after [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

DIRECTORS

Our Board consists of ten Directors, including four executive Directors, two non-executive Directors and four independent non-executive Directors. 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(1)	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Mr. WANG Jianfeng (王劍峰)	54	Executive Director and chairperson of the Board	May 31, 2004	May 25, 2011	Responsible for the formulation of the overall corporate business plans, strategies and leading the business direction of our Group
Mr. CHEN Wei (陳偉)	54	Executive Director and President	April 30, 2019	August 2, 2019	Responsible for overall management, business plans and strategies and major decisions of our Group
Ms. LI Junyu (李俊彧)	45	Executive Director, vice president and financial director	March 17, 2015	April 21, 2021	Responsible for overall financial management of our Group

Name	Age	Position(s)	Date of joining our Group[(1)]	Date of appointment as a Director	Roles and responsibilities
Mr. CAI Zhengxin (蔡正欣)	52	Executive Director and chief executive officer and president of Preh GmbH	July 1, 2011	April 20, 2023	Responsible for overall management, business plans and strategies and major decisions of Preh GmbH
Non-executive Directors					
Mr. ZHU Xuesong (朱雪松). . . .	56	Non-executive Director and vice chairperson of the Board	August 2, 2019	August 2, 2019	Responsible for providing advice to the Board and participating in the formulation of the general corporate business plans
Mr. ZHOU Xingyou (周興宥). . . .	57	Non-executive Director	August 2, 2019	May 16, 2024	Responsible for providing advice to the Board and participating in the formulation of the general corporate business plans

Name	Age	Position(s)	Date of joining our Group[(1)]	Date of appointment as a Director	Roles and responsibilities
Independent non-executive Directors					
Prof. WEI Xuezhe (魏學哲). . . .	54	Independent non-executive Director	September 3, 2021	September 3, 2021	Responsible for providing independent advice on the operation and management of our Company
Prof. LU Guihua (魯桂華)	56	Independent non-executive Director	April 20, 2023	April 20, 2023	Responsible for providing independent advice on the operation and management of our Company
Prof. YU Fang (余方)	49	Independent non-executive Director	April 20, 2023	April 20, 2023	Responsible for providing independent advice on the operation and management of our Company
Ms. XI Xuanhua (席絢樺).	52	Independent non-executive Director	Upon [REDACTED][(2)]	Upon [REDACTED][(2)]	Responsible for providing independent advice on the operation and management of our Company

Notes:

(1) Denotes the time from which the relevant Director became involved in the management of the business of the Group.

(2) The appointment of Ms. Xi Xuanhua as an independent non-executive Director will take effect from the [**REDACTED**].

Executive Directors

Mr. WANG Jianfeng (王劍峰), aged 54, is our founder, the chairperson of our Board and our executive Director. Mr. Wang served as president of our Company from May 2011 to April 2023. Mr. Wang holds directorships in various subsidiaries of our Company.

Mr. Wang has extensive experience in the field of automotive industry. Mr. Wang founded Joyson Group in 2001, and has since January 2004 served as the chairperson of Joyson Group. He served as the chairperson of the board of PIA Automation, a company listed on the Shanghai Stock Exchange (stock code: 688306.SH), from January 2017 to December 2019, and has been a director of PIA Automation since December 2019.

Mr. Wang obtained his Executive Master of Business Administration from Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC in June 2014.

Mr. CHEN Wei (陳偉), aged 54, is our executive Director and president. He joined our Group in February 2018 and since then held various positions within our Group. Mr. Chen served as vice president of our Company from July 2019 to April 2023 and has been the president of our Company since April 2023.

Mr. Chen has nearly 20 years of experience in the automotive industry. He started his career at FAW Volkswagen Automotive Co., Ltd (一汽—大眾汽車有限公司) and was awarded the Annual Individual Honor for Outstanding Contributions in 2001. He then served as the general manager of ThyssenKrupp Presta Fawer (Changchun) Co., Ltd (蒂森克虜伯富奧汽車轉向柱(長春)有限公司) from November 2007 to October 2011, the chief executive officer of ThyssenKrupp Presta (Shanghai) Co., Ltd (蒂森克虜伯普利斯坦汽車轉向(上海)有限公司) from November 2011 to November 2016 and a director at ThyssenKrupp Fawer Automotive Steering Column (Changchun) Co., Ltd (蒂森克虜伯富奧汽車轉向柱(長春)有限公司) from December 2014 to April 2019.

Mr. Chen obtained his Executive Master of Business Administration from Jilin University (吉林大學) and China Europe International Business School (中歐國際工商學院) in the PRC in July 2003 and September 2010, respectively. Mr. Chen was qualified as an engineer by China FAW Group Corporation (中國第一汽車集團有限公司) (formerly known as China FAW Group (中國第一汽車集團公司)) in August 2001.

Ms. LI Junyu (李俊彧), aged 45, is our executive Director, vice president and financial director. Ms. Li joined our Company in March 2015 as our deputy financial director. She has served as the financial director of our Company since April 2015 and a vice president of our Company since April 2023. She currently holds directorships in various subsidiaries of our Company.

Ms. Li has various working experience in financial management and held positions in several corporations covering various financial management areas, including serving as a financial manager at Joyson Group from March 2014 to March 2015.

Ms. Li obtained her master of professional accounting from Wuhan University (武漢大學) in the PRC in December 2009 and her Executive Master of Business Administration from Peking University in the PRC in January 2016. In April 2006, Ms. Li was admitted as a member of the Chinese Institute of Certified Public Accountants (中國注冊會計師協會).

Mr. CAI Zhengxin (蔡正欣), aged 52, is our executive Director. Mr. Cai joined our Group in July 2011 as the chief supply chain officer and vice president of Preh GmbH, and served in various positions within our Group since then. Mr. Cai has served as the general manager and vice chairperson of the board of Ningbo Preh Joyson since May 2015 and the chief executive officer and president of Preh GmbH since March 2021.

Prior to joining our group, Mr. Cai served as the general manager of Oudi Neng (Ningbo) Automotive Lighting Technology Co., Ltd (歐迪能(寧波)車燈科技有限公司) from September 2010 to November 2014.

Mr. Cai obtained his master's degree in industrial engineering from Shanghai Jiao Tong University (上海交通大學) in November 2004.

Non-executive Directors

Mr. ZHU Xuesong (朱雪松), aged 56, is our non-executive Director and the vice chairperson of the Board. Mr. Zhu currently also serves as a director of other subsidiaries of our Group.

Prior to joining our Group, Mr. Zhu worked for the local government of Ningbo for years. Mr. Zhu joined Joyson Group in January 2014, and has served as the president of Joyson Group since then. Since April 2023, Mr. Zhu has served as a director of PIA Automation.

Mr. Zhu received his master's degree in economic management (by correspondence course) from Zhejiang University (浙江大學) in the PRC in December 2001, and obtained his Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in the PRC in November 2016.

Mr. Zhou Xingyou (周興宥), aged 57, is our non-executive Director. He served as the chairperson of the Supervisory Committee from August 2019 to March 2024.

Mr. Zhou joined Joyson Group in October 2017 and served as the vice president until July 2019. Prior to that, Mr. Zhou worked for the local People's Court and government of Ningbo for years. He has served as a director of Ningbo Justice Optical Co., Ltd (寧波傑士隆光學儀器有限公司) since April 2019. Since December 2019, Mr. Zhu has served as the chairperson of the board of PIA Automation.

Mr. Zhou obtained his bachelor's degree in science in biology from East China Normal University (華東師範大學) in the PRC in July 1989. He received his bachelor's degree in law (by correspondence course) in July 2004 and obtained his master's degree in law in December 2005 from East China University of Political Science and Law (華東政法大學) (formerly known as East China Institute of Political Science and Law (華東政法學院)).

Independent non-executive Directors

Prof. WEI Xuezhe (魏學哲), aged 54, is our independent non-executive Director.

Prof. Wei has various academic experience in the automotive industry. Prof. Wei was awarded the title of Professor in December 2011 and served as the deputy dean of School of Automotive Studies of Tongji University (同濟大學汽車學院). He also served as an independent non-executive director at Guangdong Dazhi Environmental Protection Technology Co., Ltd (廣東達誌環保科技股份有限公司) (currently known as Hunan Lead Power Technology Incorporated Company (湖南領湃科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300530. SZ)), from August 2021 to January 2022. The projects led by Prof. Wei won several science and technology awards, including the Second Prize for Scientific and Technological Progress in Shanghai ("上海市科學技術獎二等獎") granted by Shanghai Municipal People's Government (上海市人民政府) to "Key Technologies for Multi-Domain and Multi-Scale Management of Automotive Power Batteries and Their Grouping (車用動力電池多域、多尺度管理及成組關鍵技術)" in 2017, and the China

Automotive Industry Science and Technology Progress Award (中國汽車工業科學技術進步獎) granted by China Society of Automotive Engineers (中國汽車工程學會) to his project named "Key Technologies and Industrialization of Long-life Fuel Cell Systems for Commercial Vehicles (長壽命商用車燃料電池系統關鍵技術及產業化)" in 2020.

Prof. Wei obtained his bachelor's degree in electrical automation, his master's degree in electrical power transmission and automation and his doctorate degree in vehicle engineering from Tongji University in the PRC in July 1994, March 1997 and April 2005, respectively.

Prof. LU Guihua (魯桂華), aged 56, is our independent non-executive Director.

Prof. Lu has nearly 30 years of academic experience in the accounting and financial management. Prof. Lu worked at Tianjin University of Commerce (天津商業大學) (formerly known as Tianjin Institute of Business (天津商學院)) from July 1999 to November 2005, and consecutively served as a lecturer and an associate professor. He consecutively served as an associate professor and a master tutor of School of Accountancy of Central University of Finance and Economics (中央財經大學會計學院) from December 2005 and has been a doctoral tutor and professor (Tier-3) since June 2011.

Prof. Lu is currently an independent non-executive director of Beijing Urban-Rural Trade Centre Co., Ltd (北京國際人力資本集團股份有限公司) (formerly known as Beijing Urban and Rural Commercial (Group) Co., Ltd (北京城鄉商業(集團)股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600861.SH) since November 2022, and Zhejiang Juhua Co., Ltd (浙江巨化股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600160.SH) since April 2023. Prof. Lu previously served as an independent non-executive director at various listed companies, including, among others, (i) Beijing Electronic City High-tech Group Co., Ltd (北京電子城高科技集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600658.SH), from April 2016 to August 2022; (ii) Beijing Shunxin Agriculture Co., Ltd (北京順鑫農業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000860.SZ), from December 2019 to November 2023; (iii) Beijing Savant Biotechnology Co., Ltd (北京華科泰生物技術股份有限公司), a company listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 873748), from October 2021 to October 2023; and (iv) WPG (Shanghai) Smart Water Public Co., Ltd (上海威派格智慧水務股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603956.SH), from December 2021 to June 2024.

Prof. Lu obtained his bachelor's degree in manufacturing process automation from Zhejiang University (浙江大學) in the PRC in June 1990. He then obtained his master's degree in finance from Hunan University of Finance and Economics (湖南財經學院) in the PRC in June 1999 and a doctorate degree in business administration from Tsinghua University (清華大學) in the PRC in July 2005. In October 2003, Prof. Lu was certified as a non-practicing member of the Chinese Institute of Certified Public Accountants.

Prof. YU Fang (余方), aged 49, is our independent non-executive Director.

Prof. Yu has nearly 30 years of academic experience in the finance and management. Prof. Yu served as a Senior Lecturer (高級講師) at University of Minnesota in the United States from September 2005 to May 2007. He then served as an analyst at Barclays Global Investors from May 2007 to March 2009. He joined China Europe International Business School in the PRC in August 2009 and has been a professor the school of finance since January 2019. Prof. Yu has received several awards, including the Best Paper Award (最佳論文獎) in Financial Markets and Institutions from Financial Management Association in its 2020 annual meeting, the 2013 Best Paper Award by the Chinese Finance Association (全美華人金融學會) in its 2013 annual meeting, and the Best Paper Award in 2013 China International Conference in Finance.

Prof. Yu obtained his bachelor's degree in international finance from Shanghai Jiao Tong University in the PRC in June 1997. He obtained a master of arts from Tulane University in the United States in May 2000. He also obtained a master of business administration and a doctorate degree in philosophy from The University of Chicago in the United States in March 2005 and December 2005, respectively.

Ms. XI Xuanhua (席絢樺), aged 52, is our independent non-executive Director.

Ms. Xi has over 20 years of experience in the business management. Ms. Xi has been serving as the managing director at DigiFT Tech (Hong Kong) Limited since December 2024. From June 2005 to April 2024, she worked at BOCOM International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 3329.HK) ("**BOCOM**"). Ms. Xi consecutively served as the director, head of China sales desk, the executive director and head of China sales department and the head of equity sales department from June 2005 to February 2013. She also served as the head of institution and equity business from February 2013 to March 2015, the general manager of BOCOM International Securities Limited ("**BOCOM Securities**") from March 2015 to July 2017, and the deputy chief executive officer and a member of the executive committee of BOCOM Holdings from July 2017 to April 2024.

Ms. Xi obtained her bachelor's degree in economics from Fudan University (復旦大學) in the PRC in July 1995, her Executive Master of Business Administration from Shanghai Jiao Tong University in the PRC in June 2012.

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. WANG Yude (王玉德). . . .	44	Chairperson of the Supervisory Committee	March 5, 2018	May 16, 2024	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations
Mr. GUO Feier (郭費兒). . . .	35	Employee Supervisor	August 1, 2018	March 27, 2024	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations
Ms. LIU Jinlin (劉金琳). . . .	41	Non-employee Supervisor	December 23, 2024	December 23, 2024	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations

Mr. WANG Yude (王玉德), aged 44, is the chairperson of our Supervisory Committee and the legal director of our Company. Mr. Wang joined our Group in March 2018 and since then served as the legal director and general legal counsel of our Company.

Prior to joining our Group, Mr. Wang served as a legal counsel at China Resources Snow Breweries (Wuhan) Co., Ltd. (華潤雪花啤酒(武漢)有限公司) from April 2003 to April 2005 and China Resources Snow Breweries (Jiangsu) Co., Ltd (華潤雪花啤酒(江蘇)有限公司) from April 2005 to August 2006, a senior legal counsel at Wuxi Suntech Power Co., Ltd. (無錫尚德太陽能電力有限公司) from August 2006 to December 2011, an executive vice president at Sky Solar Holdings Ltd., a company listed on NASDAQ (stock code: SKYS) thereafter, and a vice president of legal and compliance department of Sumin Investment Holdings Co., Ltd. (江蘇民營投資控股有限公司) from December 2016 to February 2018.

Mr. Wang obtained his master's degree in law from Fudan University (複旦大學) in the PRC in January 2012 and his master's degree in business administration from Concordia University Wisconsin in the United States in June 2015.

Mr. GUO Feier (郭費兒), aged 35, is the employee Supervisor of our Company. Mr. Guo joined our Group in August 2018 and since then served as a fund manager and fund director of our Company.

Prior to joining our Group, Mr. Guo served at Ningbo Urban Construction Investment Holdings Co., Ltd (寧波城建投資集團有限公司) from October 2013 to July 2018.

Mr. Guo obtained his bachelor's degree in accounting from Zhejiang University of Finance and Economics (formerly known as Zhejiang Institute of Finance and Economics (浙江財經學院)) in the PRC in June 2012 and his master's degree in accounting and finance from The University of Manchester in the United Kingdom in November 2013.

Ms. LIU Jinlin (劉金琳), aged 41, is the non-employee Supervisor of our Company.

Ms. Liu served as a sales manager and human resources manager of Ningbo Junsheng Real Estate Development Co., Ltd. (寧波均勝房地產開發有限公司) from December 2004 to January 2023. She has served as a director of the human resources department of Joyson Group since January 2023.

Ms. Liu obtained her bachelor's degrees in E-commerce from Beijing Open University (北京開放大學) in the PRC in November 2020. She completed the undergraduate self-study examination for law from the Political Academy of the National Defence University PLA China, Xi'an (中國人民解放軍國防大學政治學院西安校區) in the PRC in December 2011.

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
Mr. CHEN Wei (陳偉)	54	Executive Director and president	April 30, 2019	April 20, 2023	Responsible for overall management, business plans and strategies and major decisions of our Group
Ms. LI Junyu (李俊彧). . . .	45	Executive Director and financial director	March 17, 2015	April 22, 2015	Responsible for overall financial management of our Group
Mr. HUA Muwen (華慕文). . . .	49	Vice president	June 7, 2024	June 7, 2024	Responsible for overseeing the research and development of the new energy sector of our Group
Mr. YU Chaohui (俞朝輝). . . .	34	Board secretary	May 1, 2012	March 4, 2022	Responsible for information disclosure, investor relation and other Board-related matters

Mr. CHEN Wei (陳偉) is our executive Director and president. See "— Directors — Executive Directors" in this section for his biographical details.

Ms. LI Junyu (李俊彧) is our executive Director and financial director. See "— Directors — Executive Directors" in this section for her biographical details.

Mr. HUA Muwen (華慕文), aged 49, has been our vice president since June 2024. Mr. Hua has also served as chairperson of the board and general manager of Ningbo Preh Joyson since September 2024, as well as the director and manager of Ningbo Junsheng New Energy Research Institute Co., Ltd (寧波均勝新能源研究院有限公司) since September 2024.

Mr. Hua has various experience in automotive industry and held positions in several corporations covering various management areas, including serving as a general manager of Hasco Magna Electric Drive System Co., Ltd (華域麥格納電驅動系統有限公司) from July 2018 to March 2024.

Mr. Hua obtained a bachelor's degree in automotive industry design from Jilin Polytechnical University (吉林工業大學) (currently known as Jilin University (吉林大學)) in July 1996 and a master of business administration from Tongji University in the PRC in May 2006. He obtained his Executive Master of Business Administration from China Europe International Business School in September 2012. Mr. Hua was qualified as a senior engineer (高級工程師) by the Department of Human Resources and Social Security of Shanghai (上海市人力資源與社會保障局) in December 2022.

Mr. YU Chaohui (俞朝輝), aged 34, has been our Board secretary since March 2022. Mr. Yu joined our Company in May 2012, and consecutively served as a staff member of the board secretary office and candidate secretary of the Board. Mr. Yu also served as the board secretary of Ningbo JOYNEXT from April 2020 to December 2021.

Mr. Yu obtained a bachelor's degree in business administration from East China University of Political Science and Law in the PRC in July 2012.

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.

As of the Latest Practicable Date, none of our Directors, Supervisors or senior management was related to other Directors, Supervisors or senior management of our Company.

JOINT COMPANY SECRETARIES

Mr. YU Chaohui (俞朝輝), aged 34, is one of the joint company secretaries of the Company. For the biographical details of Mr. Yu Chaohui, please refer to "— Senior Management" above.

Ms. YU Wing Sze (余詠詩), aged 41, is one of the joint company secretaries of the Company. She is a manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. She has over 15 years of experience in company secretarial profession and has been serving as the company secretary of several listed companies in Hong Kong.

Ms. Yu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Yu received a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 2005.

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 Nomination, Remuneration and Appraisal Committee and the Strategy and ESG Committee.

Audit Committee

We have established the 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 Mr. ZHOU Xingyou, Prof. LU Guihua and Prof. YU Fang, Prof. LU Guihua 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.

Nomination, Remuneration and Appraisal Committee

We have established the Nomination, Remuneration and Appraisal Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination, Remuneration and Appraisal Committee consists of three Directors, namely Ms. LI Junyu, Prof. WEI Xuezhe and Prof. LU Guihua. Prof. WEI Xuezhe serves as the chairperson of the Nomination, Remuneration and Appraisal Committee. The primary duties of the Nomination, Remuneration and Appraisal 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;

- 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;

- 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.

Strategy and ESG Committee

We have established the Strategy and ESG Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Strategy and ESG Committee consists of four executive Directors, being Mr. Wang, Mr. CHEN Wei, Ms. LI Junyu and Mr. CAI Zhengxin, one non-executive Director, being Mr. ZHU Xuesong, and two independent non-executive Directors, being Prof. WEI Xuezhe and Prof. YU Fang. The chairperson of the Strategy and ESG Committee is Mr. Wang. The primary duties of the Strategy and ESG Committee include, but are not limited to, the following:

- conducting research and make recommendations for the long-term strategic development plans of our Company;

- conducting research and make recommendations for annual investment plans which are subject to the approval of our Board;

- conducting research and make recommendations for other major investment programmes which are subject to the approval of our Board (excluding those included in the annual investment plans);

- conducting research and make recommendations for sustainable development, and ESG related policies.; and

- conducting research, revise and review the policies of the Company's strategic management and ESG policies, and make recommendations to the 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 salaries, wages, benefits in kind and share-based payment. 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, 2022 and 2023 and the nine months ended September 30, 2024, the aggregate amount of remuneration paid or payable to our Directors and our Supervisors amounted to approximately RMB26.6 million, RMB47.0 million and RMB27.6 million, respectively.

Under the arrangement currently in force, we estimate the total remuneration before taxation, including salaries and benefits in kind, performance related bonuses and pension scheme contributions, to be accrued to our Directors and Supervisors for the year ending December 31, 2025 to be approximately RMB32.6 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals (including Directors and Supervisors) amounted to approximately RMB40.8 million, RMB55.3 million and RMB34.0 million, for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, respectively.

During the Track Record Period, no remuneration was paid to our Directors, our Supervisors 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, our Supervisors, former Supervisors 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 or Supervisors waived any emoluments during the Track Record Period. Save as 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 Nomination, Remuneration and Appraisal 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.

EMPLOYEE INCENTIVE SCHEME

To recognize the contributions of our key employees, incentivize our management team, retail talent and promote our long-term sustainable development, we have adopted the Employee Incentive Scheme on November 1, 2021. For details of the Employee Incentive Scheme, see "Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Senior Management — Employee Incentive Scheme".

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 two female Directors and eight 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, accounting, 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 four independent non-executive Directors with different industry backgrounds, representing 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.

Our Nomination, Remuneration and Appraisal 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, Remuneration and Appraisal 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, Remuneration and Appraisal 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 (other than our independent non-executive 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 Group'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 in December 2024 and January 2025 (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 our Company or its subsidiaries or any connection with any core connected person of our 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.

Rule 13.51 of the Listing Rules

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to the appointment of our Directors and Supervisors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director and Supervisor that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

In June and August 2024, Mr. Wang, our executive Director and chairperson of the Board; Ms. LI Junyu, our executive Director, vice president and financial director, along with Mr. YU Chaohui, our Board secretary, received a warning letter from CSRC Ningbo Regulatory Bureau and a public criticism from Shanghai Stock Exchange, respectively, in relation to our failure to fully comply with the disclosure and regulatory requirements in respect of the utilization of proceeds. Such incident was primarily caused by the handling personnel's misinterpretation of the applicable rules, and all the proceeds involved were utilized for our operation purpose. In July 2024, Mr. ZHOU Xingyou, our non-executive Director, received a warning letter from CSRC Ningbo Regulatory Bureau in his capacity as chairman of PIA Automation in relation to the delay or failure to fully comply with the disclosure requirement in respect of connected transactions of PIA Automation. In May 2022, Prof. LU Guihua, our independent non-executive Director, received a regulatory warning from Shanghai Stock Exchange in his capacity as then independent director and then convenor of audit committee of Beijing Electronic City High-tech Group Co., Ltd. in relation to the failure to promptly and accurately disclose annual results estimate, adequate risk warnings and publish rectification announcement.

We believe that the above incidents do not affect the suitability of Mr. Wang, Ms. LI Junyu, Mr. ZHOU Xingyou, Prof. LU Guihua and Mr. YU Chaohui as Director or Board secretary, having considered that (i) the above incidents were not due to fraud or personal dishonesty on the part of the relevant Directors or senior management, nor did the regulatory decisions cast doubt on their qualifications, (ii) the warning letter and the public criticism are not administrative penalties, but regulatory actions imposed by the relevant securities regulatory authorities which are relatively minor in nature, and (iii) the relevant Directors or senior management have not been disqualified from serving as a director or senior management member of the Company as a result of the above incidents.

COMPLIANCE ADVISOR

We have appointed Somerley Capital 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**].

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Wang was interested in approximately 39.22% of the total issued share capital of our Company, comprising 2.49% directly owned by Mr. Wang and 36.73% indirectly owned through Joyson Group, which is controlled by Mr. Wang. See "History, Development and Corporate Structure — Corporate Structure" in this document for details.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Wang will, directly and indirectly through Joyson Group, continue to control [**REDACTED**] of the voting rights of our Company. Therefore, Mr. Wang and Joyson Group will remain as our Controlling Shareholders upon the [**REDACTED**].

Mr. Wang is our founder, executive Director and chairperson of the Board. See "Directors, Supervisors and Senior Management" in this document. As of the Latest Practicable Date, apart from our business, Joyson Group and its subsidiaries were engaged in the businesses of investment holding, property development, intelligent manufacturing and others. Among such businesses, Joyson Group is engaged in the development and provision of automated manufacturing solutions through its subsidiary, PIA Automation, a company listed on the Shanghai Stock Exchange (stock code: 688306.SH).

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, it/he did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

Joyson Group and Mr. Wang have executed certain non-competition undertakings in January 2011 that, in favor of the interest of our Company and our Shareholders, Joyson Group and Mr. Wang have undertaken that:

(a) neither of Joyson Group and Mr. Wang will directly or indirectly engage in any business that competes with the main business of our Company;

(b) each of Joyson Group and Mr. Wang will procure the existing or future subsidiaries of or other entities controlled by them not to engage in any business that competes with the main business of our Company;

(c) if Joyson Group or Mr. Wang (including the existing or future subsidiaries of or other entities controlled by them) obtained any business opportunities which are or may be in competition with the main business of our Company, they will immediately notify us of the same and refer such business opportunity to us; and

(d) each of Joyson Group and Mr. Wang will not make use of its position as our controlling shareholder or actual controller to harm the interest of our minority Shareholders with respect to our normal production and operation activities.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our Board consists of ten Directors, including four executive Directors, two non-executive Directors and four independent non-executive Directors. Mr. Wang (our executive Director and chairperson of the Board) is one of the Controlling Shareholders. Four of our Directors hold positions in Joyson Group, details of which are set out below:

Name	Positions in our Company	Positions in Joyson Group
Mr. Wang	Executive Director and chairperson of the Board	Director and chairperson of board of directors, and director/supervisor of close associates of Joyson Group
Mr. ZHU Xuesong (朱雪松)	Non-executive Director and vice chairperson of the Board	President, and director/general manager of close associates of Joyson Group
Ms. LI Junyu (李俊彧)	Executive Director, vice president and financial director	Director
Mr. ZHOU Xingyou (周興宥)	Non-executive Director	Supervisor, and director/general manager of close associates of Joyson Group

Mr. Wang, as founder of our Group and Joyson Group, holds directorship in both companies, and has been leading the overall management since their respective inception supported by the respective experienced management teams in our Group and Joyson Group. He has been and will continue devoting sufficient time and resources to the management and operations of our Group. Each of Mr. ZHU Xuesong and Mr. ZHOU Xingyou is a non-executive Director, and is not involved in the day-to-day management and business operations of our Group. Ms. LI Junyu, our executive Director, vice president and financial director, currently is a director of Joyson Group, which is non-executive in nature, and is not involved in the day-to-day management and business operations of Joyson Group. Save as disclosed in this document, none of our Directors or members of our senior management team holds any position in our Controlling Shareholders or their respective close associates.

Our Directors consider that we are capable of maintaining management independence for the following reasons:

(a) our daily management and operations are carried out independently by our 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 Company. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this document;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested; and

(d) we have four independent non-executive Directors and certain matters of our Company, must always be referred to the independent non-executive Directors for review. We have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. See "— Corporate Governance" 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 Company independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, IT, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our 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 our suppliers and customers. We are in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

In addition, we expect certain connected transactions of our Group with our Controlling Shareholders and/or their respective associates will continue after the [**REDACTED**], details of which are set out in "Connected Transactions" in this document. All such transactions will be conducted on arm's length and on normal commercial terms in the ordinary and usual course of business of our Group in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policy of our Group and our connected persons and not be prejudicial to the interests of any of the parties. Our Directors are of the view that such continuing connected transactions will not affect our operational independence as a whole.

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 Company's own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalent on hand and internally generated funds as well as the [**REDACTED**] from the [**REDACTED**].

Joyson Group has provided guarantees in respect of our financings, among which the guarantees with the total amount of approximately RMB4.6 billion are expected to continue after [**REDACTED**] (the "**Connected Guarantees**"). The Connected Guarantees are provided to certain independent commercial banks as security for our loan facilities. As of September 30, 2024, the amount outstanding under our loan facilities with the Connected Guarantees amounted to approximately RMB3.6 billion.

Notwithstanding the Connected Guarantees, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. As of September 30, 2024, we had loans and borrowings with an aggregate balance amount of approximately RMB18.8 billion from independent financial institutions without any security or guarantee from any of the Controlling Shareholders or their respective close associates. Moreover, we have maintained a robust cash position. As of September 30, 2024, our cash and cash equivalents amounted to RMB6.5 billion, well exceeding the total outstanding amount or contract sum of the arrangements with the Connected Guarantees.

Save as disclosed above, as of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

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

(a) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

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

(c) 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 be abstained 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;

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

(e) we are committed that our Board shall include a balanced composition of executive Director and non-executive Directors (including independent non-executive Directors). We have appointed four 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 in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see "Directors, Supervisors and Senior Management";

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Somerley Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and assuming no changes are made to our issued share capital and number of repurchased A Shares held in our Company's stock repurchase account between the Latest Practicable Date and the [**REDACTED**], the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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:

Shareholder	**Nature of Interest**	**Number and Description of Shares**(1)	**Approximate Percentage of Shareholding in the A Shares shortly after the [REDACTED]**	**Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the [REDACTED]**
			(%)	*(%)*
Mr. Wang(2)(3)	Beneficial owner	35,036,959 A Shares	2.49	[**REDACTED**]
	Interest of controlled corporation	530,121,716 A Shares	37.63	[**REDACTED**]
Joyson Group(2) . . .	Beneficial owner	517,457,701 A Shares	36.73	[**REDACTED**]
Ms. DU Yuanchun (杜元春)(2)	Interest of controlled corporation	517,457,701 A Shares	36.73	[**REDACTED**]

Notes:

(1) All interests are long positions.

(2) As of the Latest Practicable Date, Joyson Group was owned as to 57.50% by Mr. Wang and 42.50% by Ms. DU Yuanchun. Therefore, each of Mr. Wang and Ms. DU Yuanchun is deemed to be interested in the entire Shares held by Joyson Group under the SFO.

(3) As of the Latest Practicable Date, there were 12,664,015 A Shares repurchased and held in our Company's stock repurchase account. Mr. Wang, directly and indirectly through Joyson Group, controls more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Appendix VI — Statutory and General Information — Further Information about Our Directors, Supervisors and Senior Management — Substantial Shareholders".

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the [**REDACTED**] (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in Shares or underlying Shares of our Company, 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 will, 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 meeting of the Company.

SHARE PLEDGES BY JOYSON GROUP

As of the Latest Practicable Date, 330,473,996 A Shares held by Joyson Group, representing approximately 23.46% of our total issued share capital, were subject to pledges (the "**Share Pledges**") granted in favour of certain PRC commercial banks. The Share Pledges were provided by Joyson Group for the purpose of securing loan facilities for Joyson Group to fund its businesses and investments. Apart from our Company, Joyson Group has held or invested in many other companies and businesses, such as PIA Automation, a leading automation solutions provider listed on the Shanghai Stock Exchange. Given its nature and scale of businesses and investments, Joyson Group has genuine funding requirements from time to time. Pledging A Shares held by Joyson Group is a typical kind of collateral to support its external financing. As confirmed by Joyson Group, all of the loan facilities secured by the Share Pledges provided by Joyson Group are not subject to automatic close-out mechanism, whereas the A Shares held by Joyson Group subject to the Share Pledges will not be forced to be automatically traded out by the lenders in case of any significant fluctuation in the price of our A Shares or in the event of loan defaults. Certain loan facilities secured by a limited portion of the Share Pledges are subject to loan-to-value ratio requirements that would be triggered by a material variation in value of our A Shares, nevertheless in certain cases Joyson Group can opt to repay all or part of the relevant outstanding loans and/or provide additional collaterals as agreed with the relevant commercial banks to avoid having the relevant Share Pledges enforced. See "Risk Factors — Certain equity interests of our Controlling Shareholder, Joyson Group, are charged as security interests, pursuant to certain facility agreements." Each of Joyson Group and Mr. Wang has confirmed that, if there is a risk of default or other circumstances that may give rise to the enforcement of the Share Pledges, Joyson Group shall take, and Mr. Wang shall procure Joyson Group to take, all necessary actions, such as provision of additional collaterals and repayment of loans, to avoid such enforcement.

Nonetheless, Joyson Group has the financial strength and liquidity to support its proven credit record. To the best of our knowledge, Joyson Group has maintained stable business relationships with several PRC commercial banks. As of the Latest Practicable Date, in addition to holding Shares in our Company, Joyson Group was engaged in various revenue-generating business through its subsidiaries and held liquid assets, including operating cash flow, self-owned funds, and investment income.

Moreover, all or part of the A Shares held by Joyson Group have been pledged as collateral of financing from time to time since 2011. To the best knowledge of our Directors having made all reasonable enquiries, there has not been any material adverse credit record against Joyson Group in respect of such Share Pledges as well as its indebtedness as of the Latest Practicable Date.

OUR SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

Immediately before the [REDACTED]

As of the Latest Practicable Date, the total share capital of our Company was RMB1,408,701,543, comprising 1,408,701,543 A Shares of nominal value RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital
		(%)
A Shares in issue	1,408,701,543	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is fully exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital
		(%)
A Shares in issue	1,408,701,543	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

TRANSFER OF OUR A SHARES FOR [REDACTED] AND [REDACTED] ON THE STOCK EXCHANGE AS H SHARES

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [**REDACTED**].

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to and approval from the CSRC. The Full Circulation Guidelines are only applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. Up to the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. We have obtained such approval at the general meeting of our Company held on December 23, 2024 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [**REDACTED**] initially shall not exceed approximately [**REDACTED**]% of the total issued number of shares as enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**].

(2) Method of [REDACTED]

The method of [**REDACTED**] shall be by way of [**REDACTED**] in Hong Kong and an [**REDACTED**] to institutional and professional investors.

(3) Target [REDACTED]

The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international investors, qualified domestic institutional investors and other domestic eligible investors entitled to [**REDACTED**] in securities abroad pursuant to relevant PRC laws and regulations in the [**REDACTED**].

(4) [REDACTED] basis

The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the general meeting was held on December 23, 2024. If we obtain the approval for the [**REDACTED**] from relevant regulatory authorities within the validity period, the validity period shall be automatically extended to the completion date of the [**REDACTED**].

There is no other approved [**REDACTED**] plan for our Shares except the [**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. See "Appendix V — Summary of the Articles of Association" in this document for details.

You should read the following discussion and analysis in conjunction with historical financial information, including the notes thereto set out in "Appendix I — Accountants' Report" to this document and the selected historical financial information presented elsewhere in this document. Our historical financial information were prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering 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, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors," "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a world-leading intelligent automotive technology solution provider, offering advanced products and solutions across the automotive industry's key areas mainly including automotive electronics and automotive safety. According to Frost & Sullivan, in terms of revenue in 2023, we were the second largest intelligent cockpit domain control system provider in China and the fourth largest in the world, and the second largest passive automotive safety products provider in both China and the world. According to the same source, we were the second largest independent auto parts supplier in China in terms of revenue in 2023.

Leveraging on our platform-based and modularized technology system and global R&D, production and sales network, we pioneer in advancing the intelligence and electrification transformation of the global automotive industry. We are one of the few Chinese intelligent automotive technology companies that have built a highly global platform and achieved synchronous R&D, production, supply chain and sales support with OEMs. As of September 30, 2024, we had 19 R&D centers and over 50 production bases around the world, covering major automotive markets including Asia, Europe and North America. Our globalization strategy has proven successful, with overseas sales contributing to 76.3% of our total revenue in 2023. In addition, we were ranked first in the Top 100 Chinese Multinational Corporations and Multinational Index (中國跨國公司100大及跨國指數) for four consecutive years from 2021 to 2024, demonstrating the scale of our global operations.

We believe our long-term investment in global platforms and intelligent automotive technologies lays a crucial foundation for us to adapt to the trends of intelligence and electrification with our industry partners. We have a strong customer base worldwide. Some of our subsidiaries have maintained business relationships with certain customers for over one century. As of September 30, 2024, our customers included more than 100 automotive brands worldwide. Our customers included the top ten OEMs in both China and the world. Leveraging our advanced technologies and cross-domain solutions in automotive electronics and automotive safety and our global customer network, we empower global OEM customers to create a smarter, safer and greener mobility experience.

Through organic development and strategic acquisitions, we have evolved from a company merely offering certain individual auto parts in China to a world-leading provider of intelligent automotive technology solutions, with cross-domain products and advanced technological capabilities.

We achieved steady growth overall during the Track Record Period. Our revenue increased by RMB5,935.1 million, or 11.9%, from RMB49,793.4 million in 2022 to RMB55,728.5 million in 2023. Our revenue remained relatively stable at RMB41,310.0 million and RMB41,134.7 million in the nine months ended September 30, 2023 and 2024, respectively. Our gross profit increased from RMB5,542.0 million in 2022 to RMB8,056.9 million in 2023, and from RMB5,611.5 million in the nine months ended September 30, 2023 to RMB6,411.0 million in the same period in 2024. Our gross profit margin increased from 11.1% in 2022 to 14.5% in 2023, and from 13.6% in the nine months ended September 30, 2023 to 15.6% in the same period in 2024.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standard Board ("**IASB**"). The historical financial information has been prepared on a historical cost basis except that the financial assets measured at FVPL are stated at their fair value as explained in note 2(f) to the Accountants' Report in Appendix I to this document.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments made by our management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in note 3 to the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are affected by general factors affecting overall performance of the automotive industry, which include:

- macroeconomic conditions of our target markets;
- relevant laws and regulations, government policies and initiatives affecting the development of the automotive industry; and
- technology development of intelligent driving and automated driving in recent years, which contributed to the growing demand for automotive electronics and safety products.

Unfavorable changes in any of these general industry conditions could materially and adversely affect demand for our products and services and/or the manner in which we offer our products and services, and materially and adversely affect our results of operations.

In addition to the general factors, we believe the following company-specific factors also have a significant impact on our results of operations.

Ability to Maintain and Engage Customers and Seize Market Opportunities

Our business growth is driven by our ability to expand our customer base and maintain our relationships with existing customers. We serve high-quality OEM customers globally, including the top ten OEMs in both China and the world. Leveraging our extensive experience in global operations, we optimize resource allocation efficiently across various regions worldwide, enabling us to provide OEM customers with superior R&D, supply chain and production solutions on a global scale, while also ensuring rapid and effective local response.

Our future growth will depend on our abilities to identify and capitalize on major market opportunities, including the increasing penetration of NEVs, the rising market share of Chinese domestic brands, and the international expansion of Chinese OEMs. By leveraging our competitive advantages in localization and our network of synergistic factories, we have successfully strengthened our presence in the Chinese market, with particular focus on leading domestic brands and NEV manufacturers. Our continued R&D investment and deep involvement in automotive electronics has also enabled us to substantially expand our product portfolio and secure orders. Notably, in 2023, we secured new orders valued at RMB13.0 billion for the full life cycle of 800V high-voltage platform projects.

As a Chinese intelligent automotive technology solution provider with established global operations, we are uniquely positioned to support the international expansion of Chinese OEMs. Our established manufacturing facilities and R&D centers across major automotive markets enables us to efficiently meet customer demands and provide rapid support. Leveraging our technological advantages and comprehensive understanding of both local and global markets, combined with our strong domestic relationships, we expect to continuously secure overseas project orders from Chinese brands.

R&D Capabilities and Efficiency

Our R&D capabilities in developing and enhancing new technologies, products and solutions are fundamental to our business operations and financial performance. We maintain substantial R&D investments in key areas of automotive electronics including intelligent cockpits, intelligent driving solutions, smart connectivity solutions, and high-voltage fast charging for NEVs, as well as automotive safety. Our R&D expenditure (including capitalized and expensed portions) amounted to RMB3,033.9 million, RMB3,648.0 million and RMB2,558.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. We are committed to long-term investment in R&D activities and our historical R&D investment continue to translate into commercial success, allowing us to benefit from economies of scale in R&D activities.

We develop, design and produce in-house the hardware for our core products such as battery management systems and domain controllers from the ground up, while developing the corresponding core software in the meantime. By adopting a platform-based and modular R&D strategy, we place importance on the cost efficiencies throughout the entire project lifecycle from the R&D stage. The underlying technology platform of our products is highly adaptable and can be extensively reused across various OEMs' vehicle platforms, significantly reducing R&D costs, shortening development cycles and enabling us to swiftly align with customer iteration demand. Our global R&D team shares a unified advanced development toolchain, enabling collaboration among specialists across different regions. This efficient R&D collaboration across geographies not only allows us to address customer demands locally but also enables us to capitalize on the cost efficiency of local resources in China. Our global R&D network, spanning China, Europe, North America, Japan, and Southeast Asia, distinguishes us as one of the few Chinese automotive suppliers capable of synchronized R&D and production with global OEMs. This extensive network, combined with our comprehensive supply chain management capabilities, enables us to optimize resource allocation across regions and develop products and solutions on a global scale.

Our consistent R&D efforts have enabled us to achieve industry-leading positions in automotive electrification and intelligent technology innovation and become one of the first companies in the industry to achieve mass production of technologies such as the 800V high-voltage platform and 5G-V2X intelligent network connection. Furthermore, we are committed to driving innovation in automotive safety solutions by actively participating in industry standard-setting and developing next-generation safety products tailored for the era of intelligent driving. We strategically focus on the R&D of cutting-edge technologies such as automotive intelligence where we believe significant commercial potential is to come in the recent years. Technological leadership strengthens our market position and drives our financial performance by addressing OEM customers' evolving demands for highly integrated solutions in a rapidly transforming industry.

Ability to Maintain and Improve Cost and Operating Efficiency

Our financial performance depends on our ability to implement global cost optimization strategies to adapt to the competitive landscape and supply chain complexities of the automotive parts industry. Leveraging our efficient and collaborative global platform, we have adopted a number of strategic initiatives to enhance our cost competitiveness and operational efficiency:

- ***Supply chain management***: We are committed to improving our global supply chain capabilities through our comprehensive global supplier network supported by an integrated procurement system. We source raw materials globally, primarily from markets where our customers are located, to optimize procurement and logistics costs. Our procurement personnel in different countries and regions develop local procurement strategies for most materials and components, while maintaining unified procurement strategies for key components like chipsets. For core raw materials, we maintain strategic relationships with multiple suppliers to ensure consistent quality and supply stability while leveraging mass procurement to achieve economies of scale; and

- ***Production***: Our ability to optimize production efficiency globally is fundamental to our financial performance. We continuously enhance cost efficiency through strategic initiatives including: (i) optimizing global capacity allocation by relocating certain production to cost-effective regions and improving capacity utilization rates in Europe and the Americas through platform-based production planning; (ii) implementing lean manufacturing and automated production processes; (iii) standardizing components and management processes across global production facilities; and (iv) leveraging management talent and intelligent manufacturing expertise in China to enhance the operational efficiency of our overseas factories.

Integration of Acquired Businesses

We have pursued an internationalization strategy through several key acquisitions, including Key Safety Systems in 2016, a global leader in automotive safety systems solutions, and the core businesses of Takata in 2018, one of the world's largest airbag suppliers, along with earlier acquisitions of Preh GmbH in 2012 and the automobile information segment of TechniSat Digital GmbH in 2016. The successful integration of acquired businesses into our existing business framework is crucial to our business development and the implementation of our strategies. In addition, we may from time to time implement strategic restructuring initiatives to maintain market competitiveness, optimize internal group resources and enhance operational efficiency. The financial impact of these integrations is reflected in restructuring costs under our administrative expenses, amounting to RMB233.1 million, RMB239.7 million, RMB193.4 million and RMB95.0 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively. In addition, we recognized goodwill arising from the acquisition of the automobile information segment of TechniSat Digital GmbH (subsequently named as Preh Car Connect GmbH), the mergers of KSS Holdings and the acquisition of the business of the liquidated Takata Corporation (other than its phase stabilized ammonium nitrate business) through KSS Holdings, and recorded goodwill of RMB5,421.1 million, RMB5,547.0 million and RMB5,493.7 million as of December 31, 2022 and 2023 and September 30, 2024, respectively. Acquisitions may involve significant risks and uncertainties. See "Risk Factors — Risks Relating to Our Business and Industry — Expansion and acquisitions of or investments in our businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties."

Fluctuations in Exchange Rates

Our sales, operating costs, other expenses, and borrowings and loans are currently denominated primarily in Renminbi, U.S. dollars and Euros, while our financial statements are reported in Renminbi. As a result, fluctuations in exchange rates, particularly those of U.S. dollars, and Euros against Renminbi, could affect our profitability and financial performance, and also result in foreign currency exchange gains or losses in our foreign currency-denominated assets and liabilities. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, we recognized net exchange gains of RMB381.9 million, RMB179.6 million, RMB153.7 million and RMB175.2 million, respectively. As a company with global operations, our future results of operations will continue to be affected by fluctuation in exchange rates. We regularly monitor the scale of our foreign currency transactions and balances of our foreign currency-denominated assets and liabilities and may engage in foreign exchange hedging transactions to minimize our exposure to exchange rate risk.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Revenue Recognition

Income is classified by us as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Sales of Products

Sale of Automotive Components

Revenue is recognized when we transfer the control over automotive components to customers (i.e. goods accepted by customers) or satisfies the performance obligation in the contract.

Rendering of Research and Development Services

Sale of R&D means the right of us to collect consideration for contractual and independently identifiable performance obligations relating to R&D services. Revenue is recognized when the customer passes the acceptance and the development results are submitted.

Sale of Tooling

Before the mass production, we sometimes carry out tooling development activities for customers. Revenue of tooling is recognized when we transfer the control over tooling to customers, obtains the verification report and the consent of mass production of relevant products from customers or satisfies the performance obligation in the contract.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l) to the Accountants' Report in Appendix I to this document). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to our Group. All other subsequent expenditure is recognized as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see note 2(l) to the Accountants' Report in Appendix I to this document). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property (self-owned land excluded), plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Self-owned land:	not depreciated
Buildings and building improvement:	10 to 50 years
Machinery and equipment:	5 to 15 years
Motor vehicles:	2 to 20 years
Other equipment:	5 years
Leasehold improvements:	shorter of 10 years or life of lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the fair value of our Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l) to the Accountants' Report in Appendix I to this document).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Intangible Assets (Other than Goodwill)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and we have sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(r) to the Accountants' Report in Appendix I to this document). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(l) to the Accountants' Report in Appendix I to this document). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by us are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(l) to the Accountants' Report in Appendix I to this document). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in note 2(v)(i) to the Accountants' Report in Appendix I to this document.

Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalized as inventory (see note 2(m)(i) to the Accountants' Report in Appendix I to this document), property, plant and equipment (see note 2(i) to the Accountants' Report in Appendix I to this document) or intangible assets (see note 2(j) to the Accountants' Report in Appendix I to this document).

Incremental costs of obtaining a contract are those costs that our Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfill a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because our Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that our Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of capitalized contract costs is charged to profit or loss when the revenue to which the asset relates is recognized. The accounting policy for revenue recognition is set out in note 2(v) to the Accountants' Report in Appendix I to this document.

Trade and Other Receivables

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including allowance for credit losses (see note 2(l)(i) to the Accountants' Report in Appendix I to this document).

Trade and Other Payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other parables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

DESCRIPTION OF MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the periods indicated:

	Years ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Revenue	49,793,352	55,728,476	41,310,038	41,134,727
Cost of sales	(44,251,367)	(47,671,536)	(35,698,560)	(34,723,739)
Gross profit	**5,541,985**	**8,056,940**	**5,611,478**	**6,410,988**
Other income	121,150	149,695	104,633	146,446
Selling and marketing expenses	(432,763)	(437,151)	(287,847)	(398,264)
Administrative expenses	(2,572,252)	(2,921,968)	(2,120,237)	(2,096,551)
Research and development costs	(2,138,848)	(2,541,498)	(1,743,907)	(1,771,610)
Impairment reversal/(losses) on trade and other receivables	15,762	(35,991)	(25,253)	(16,336)
Other net gains	309,229	230,393	177,386	38,631
Profit from operations	**844,263**	**2,500,420**	**1,716,253**	**2,313,304**
Finance costs	(477,528)	(889,772)	(653,726)	(630,455)
Share of profits of equity-accounted investees, net of tax	113,083	151,633	113,315	89,134
Profit before taxation	**479,818**	**1,762,281**	**1,175,842**	**1,771,983**
Income tax	(246,557)	(522,189)	(306,028)	(509,078)
Profit for the year/period	**233,261**	**1,240,092**	**869,814**	**1,262,905**

	Years ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Attributable to:				
Equity shareholders of the Company	394,184	1,083,191	778,720	941,500
Non-controlling interests	(160,923)	156,901	91,094	321,405
Profit for the year/period	233,261	1,240,092	869,814	1,262,905
Earnings per share				
Basic (RMB)	0.29	0.78	0.56	0.67
Diluted (RMB)	0.29	0.78	0.56	0.67

Non-IFRS Measure

We use adjusted EBITDA (non-IFRS measure) in evaluating our operating results during the Track Record Period, which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements, which are presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles adjusted EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Profit before taxation	**479,818**	**1,762,281**	**1,175,842**	**1,771,983**
Add:				
Interest expenses	932,114	1,120,903	864,571	864,087
Depreciation	1,838,917	1,828,286	1,716,872	1,532,916
Amortization of intangible assets	1,048,577	1,076,617	796,270	739,142

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Restructuring expenses	233,102	239,672	193,410	94,957
Less:				
Interest income	(95,002)	(75,592)	(74,572)	(73,143)
Adjusted EBITDA (non-IFRS measure)	**4,437,526**	**5,952,167**	**4,672,393**	**4,929,942**

Revenue

Revenue by Product Line

We generate our revenue primarily from providing (i) automotive electronics solutions, including automotive intelligence solutions, E-mobility solutions and HMI products and (ii) automotive safety solutions. The following table sets forth a breakdown of our revenue by product line in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Automotive electronics solutions	**15,365,351**	**30.9**	**17,151,637**	**30.8**	**12,600,648**	**30.5**	**12,717,211**	**30.9**
– Automotive intelligence solutions	4,754,564	9.5	5,712,348	10.3	3,985,913	9.6	4,802,987	11.7
– E-mobility	2,322,658	4.7	2,440,518	4.4	1,827,160	4.4	1,716,614	4.2
– HMI	8,288,129	16.6	8,998,771	16.1	6,787,575	16.4	6,197,610	15.1
Automotive safety solutions	**34,428,001**	**69.1**	**38,576,839**	**69.2**	**28,709,390**	**69.5**	**28,417,516**	**69.1**
Total	**49,793,352**	**100.0**	**55,728,476**	**100.0**	**41,310,038**	**100.0**	**41,134,727**	**100.0**

During the Track Record Period, our revenue continued to increase, and the percentage of revenue generated from our automotive electronics solutions and automotive safety solutions remained relatively stable, ranging from 30.5% to 30.9% and from 69.1% to 69.5%, respectively.

Automotive Electronics Solutions

Our automotive electronics solutions primarily include automotive intelligence solutions, E-mobility solutions and HMI products. Our revenue generated from automotive electronics solutions increased from RMB15,365.4 million in 2022 to RMB17,151.6 million in 2023, as a result of the increase in the sales of a majority of our automotive electronics products and solutions. Our revenue generated from automotive electronics solutions increased from RMB12,600.6 million in the nine months ended September 30, 2023 to RMB12,717.2 million in the same period in 2024, mainly due to an increase in sales of automotive intelligence solutions, while E-mobility solutions and HMI products remained relatively stable.

Automotive Safety Solutions

Our automotive safety solutions primarily include seatbelts, airbags, intelligent steering wheels and integrated safety solutions. During the Track Record Period, revenue generated from our automotive safety solutions experienced an increase from RMB34,428.0 million in 2022 to RMB38,576.8 million in 2023, and remained relatively stable at RMB28,709.4 million and RMB28,417.5 million in the nine months ended September 30, 2023 and 2024, respectively.

Revenue by Geographical Region

Our revenue is generated from China and overseas markets, such as North America, Europe, and Asia during the Track Record Period. The following table sets forth a breakdown of our revenue by geographical region, determined by the location of customers, in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Overseas	38,106,440	76.5	42,495,522	76.3	32,061,455	77.6	31,353,682	76.2
China	11,686,912	23.5	13,232,954	23.7	9,248,583	22.4	9,781,045	23.8
Total	**49,793,352**	**100.0**	**55,728,476**	**100.0**	**41,310,038**	**100.0**	**41,134,727**	**100.0**

Cost of Sales

Cost of Sales by Nature

Our cost of sales mainly consists of (i) material cost, (ii) staff cost and (iii) others, mainly including depreciation and amortization, shipping cost and warranty expense. The following table sets forth a breakdown of our cost of sales by nature in amounts and as percentages of our total cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Material cost	31,437,833	71.0	34,235,630	71.8	25,839,752	72.4	24,718,682	71.2
Staff cost	5,783,920	13.1	6,692,194	14.0	4,844,705	13.6	5,443,394	15.7
Others[(1)]	7,029,614	15.9	6,743,712	14.1	5,014,103	14.0	4,561,663	13.1
Total	**44,251,367**	**100.0**	**47,671,536**	**100.0**	**35,698,560**	**100.0**	**34,723,739**	**100.0**

Note:

(1) Others mainly include depreciation and amortization, shipping cost and warranty expense.

Cost of Sales by Product Line

The following table sets forth a breakdown of our cost of sales by product line in amounts and as percentages of our total cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Automotive electronics solutions	12,759,539	28.8	13,949,745	29.3	10,271,979	28.8	10,290,167	29.6
Automotive safety solutions	31,491,828	71.2	33,721,791	70.7	25,426,581	71.2	24,433,572	70.4
Total	**44,251,367**	**100.0**	**47,671,536**	**100.0**	**35,698,560**	**100.0**	**34,723,739**	**100.0**

Our cost of sales amounted to RMB44,251.4 million, RMB47,671.5 million, RMB35,698.6 million and RMB34,723.7 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024 respectively, representing 88.9%, 85.5%, 86.4% and 84.4% of our revenue for the respective period. Our cost of sales as a percentage of revenue continued to decrease during the Track Record Period as our strategies to enhance cost competitiveness and operational efficiency yielded positive results and we continuously benefited from economies of scale.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Automotive electronics solutions	2,605,812	17.0	3,201,892	18.7	2,328,669	18.5	2,427,044	19.1
Automotive safety solutions	2,936,173	8.5	4,855,048	12.6	3,282,809	11.4	3,983,944	14.0
Total gross profit/overall gross profit margin	**5,541,985**	**11.1**	**8,056,940**	**14.5**	**5,611,478**	**13.6**	**6,410,988**	**15.6**

During the Track Record Period, gross profit and gross profit margin of both our automotive electronics solutions and our automotive safety solutions continued to increase. Our gross profit amounted to RMB5,542.0 million, RMB8,056.9 million, RMB5,611.5 million and RMB6,411.0 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024 respectively.

Our overall gross profit margin increased from 11.1% in 2022 to 14.5% in 2023, and from 13.6% in the nine months ended September 30, 2023 to 15.6% in the same period in 2024. The increase in our gross profit was primarily because of our efforts to enhance cost competitiveness and operational efficiency.

Other Income

Our other income primarily represents government grants in recognition of our technology innovation and advanced manufacturing.

Selling and Marketing Expenses

Our selling and marketing expenses mainly include (i) staff cost related to our selling and marketing personnel, (ii) sample cost and (iii) business development expense. The table below sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Staff cost	269,554	62.3	280,812	64.2	200,610	69.7	240,936	60.5
Sample fee	59,364	13.7	51,769	11.8	35,352	12.3	90,738	22.8
Business development expense	87,133	20.1	86,839	19.9	38,028	13.2	53,398	13.4
Depreciation and amortization	16,712	3.9	17,731	4.1	13,857	4.8	13,192	3.3
Total	**432,763**	**100.0**	**437,151**	**100.0**	**287,847**	**100.0**	**398,264**	**100.0**

Administrative Expenses

Our administrative expenses mainly include (i) staff cost related to our administrative personnel, (ii) service and insurance cost and (iii) maintenance fee in relation to the routine maintenance of our offices. The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Staff cost	1,315,600	51.1	1,481,452	50.7	1,128,171	53.2	1,104,418	52.7
Service and insurance cost	302,398	11.8	305,047	10.4	236,496	11.2	205,980	9.8
Maintenance fee	155,099	6.0	165,319	5.7	130,305	6.1	142,814	6.8
Restructuring expense	233,102	9.1	239,672	8.2	193,410	9.1	94,957	4.5
Depreciation and amortization	139,078	5.4	132,791	4.5	97,888	4.6	94,433	4.5
Travel expense	31,467	1.2	55,197	1.9	23,763	1.1	53,374	2.5
Taxes and surcharges	141,060	5.5	160,251	5.5	111,249	5.2	168,421	8.0
Others[(1)]	254,448	9.9	382,239	13.1	198,955	9.4	232,154	11.1
Total	**2,572,252**	**100.0**	**2,921,968**	**100.0**	**2,120,237**	**100.0**	**2,096,551**	**100.0**

Note:

(1) Others primarily include impairment loss and office and lease expense.

Research and Development Costs

Our research and development costs mainly include (i) staff expenditure related to our R&D personnel, (ii) material cost for our R&D activities and (iii) outsourcing expense for certain ancillary development activities. The table below sets forth a breakdown of our research and development costs for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)							
					(Unaudited)			
Staff expenditure	1,408,879	65.9	1,600,416	63.0	1,086,769	62.3	1,070,955	60.5
Material cost	228,633	10.7	318,693	12.5	205,936	11.8	203,773	11.5
Outsourcing expense	164,915	7.7	217,257	8.5	142,247	8.2	141,764	8.0
Maintenance expense	68,778	3.2	83,495	3.3	71,336	4.1	71,137	4.0
Tooling fee	21,840	1.0	36,680	1.4	26,806	1.5	18,000	1.0
Travel and office expense	41,890	2.0	65,667	2.6	54,300	3.1	58,356	3.3
Others	203,913	9.5	219,290	8.6	156,513	9.0	207,625	11.7
Total	**2,138,848**	**100.0**	**2,541,498**	**100.0**	**1,743,907**	**100.0**	**1,771,610**	**100.0**

Impairment Reversal/(Losses) on Trade and Other Receivables

Our impairment reversal or losses on trade and other receivables are related to expected credit loss. We recorded impairment reversal on trade and other receivables of RMB15.8 million in 2022 and impairment losses on trade and other receivables of RMB36.0 million in 2023. The impairment losses on trade and other receivables decreased from RMB25.3 million in the nine months ended September 30, 2023 to RMB16.3 million in the same period of 2024.

Other Net Gains

Our other net gains or losses primarily consist of (i) net fair value changes of financial assets measured at FVPL, see "Discussion of Selected Items from Our Consolidated Statements of Financial Position — Financial assets measured at FVPL" and (ii) disposal of long-term equity investments related to Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. The table below sets forth a breakdown of our other net gains or losses for the periods indicated:

	Years ended December 31,		Nine months ended September 30,	
	2022	**2023**	**2023**	**2024**
	(RMB in thousands)			
			(unaudited)	
Other net (losses)/gains				
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(1,756)	12,413	5,003	7,267
Net fair value changes of financial assets measured at FVPL	113,168	188,450	141,618	28,888
Disposal of long-term equity investments	–	21,999	23,643	2,596
Donations	(2,509)	(1,748)	(1,347)	(742)
Others[(1)]	200,326	9,279	8,469	622
Other net gains	**309,229**	**230,393**	**177,386**	**38,631**

Note:

(1) Others mainly include tax refund for 2022 and other non-operating gains for 2023 and the nine months ended September 30, 2023 and 2024.

Finance Costs

Our finance costs primarily consist of (i) interest on loans and borrowings, and (ii) interest on lease liabilities, (iii) interest income and (iv) net exchange gains. The table below sets forth a breakdown of our finance costs for the periods indicated:

	Years ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(unaudited)	
Finance costs				
Interest on loans and borrowings	919,334	1,131,004	864,020	866,887
Less: capitalized interest expense	(26,451)	(51,982)	(30,456)	(29,646)
Interest on lease liabilities	39,231	41,881	31,007	26,846
Interest income	(95,002)	(75,592)	(74,572)	(73,143)
Net exchange gains	(381,906)	(179,630)	(153,711)	(175,162)
Others	22,322	24,091	17,438	14,673
Total	**477,528**	**889,772**	**653,726**	**630,455**

Income Tax Expenses

Our income tax expenses primarily comprise current tax expenses for the relevant year based on tax law and regulations and changes in deferred tax assets/liabilities. Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which our Company and its subsidiaries are domiciled or operate. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our income tax expenses were RMB246.6 million, RMB522.2 million, RMB306.0 million and RMB509.1 million, respectively.

In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our Company and its subsidiaries located in China have been subject to EIT at the statutory income tax rate of 25%, except for certain of our subsidiaries which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.

Our overseas subsidiaries are subject to similar statutory taxes imposed by local authorities.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenue

Our revenue remained relatively stable at RMB41,310.0 million and RMB41,134.7 million in the nine months ended September 30, 2023 and 2024, respectively.

Revenue by Product Line

Revenue derived from our automotive electronics solutions slightly increased by RMB116.6 million, or 0.9%, from RMB12,600.6 million in the nine months ended September 30, 2023 to RMB12,717.2 million in the nine months ended September 30, 2024, in line with the growth of our business.

Revenue derived from our automotive safety solutions remained relatively stable at RMB28,709.4 million in the nine months ended September 30, 2023 and RMB28,417.5 million in the same period in 2024.

Cost of Sales

Our cost of sales remained relatively stable at RMB35,698.6 million in the nine months ended September 30, 2023 and RMB34,723.7 million in the nine months ended September 30, 2024, as our cost of sales for automotive electronics solutions remained relatively stable at RMB10,272.0 million in the nine months ended September 30, 2023 and RMB10,290.2 million in the nine months ended September 30, 2024, and our cost of sales for automotive safety solutions remained relatively stable at RMB25,426.6 million in the nine months ended September 30, 2023 and RMB24,433.6 million in the nine months ended September 30, 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by RMB799.5 million, or 14.2%, from RMB5,611.5 million in the nine months ended September 30, 2023 to RMB6,411.0 million in the nine months ended September 30, 2024.

Our gross profit margin increased from 13.6% in the nine months ended September 30, 2023 to 15.6% in the nine months ended September 30, 2024. The increase in our gross profit margin was primarily because of our efforts to enhance cost competitiveness and operational efficiency.

In particular:

- The gross profit of our automotive electronics solutions increased by RMB98.4 million, or 4.2%, from RMB2,328.7 million in the nine months ended September 30, 2023 to RMB2,427.0 million in the nine months ended September 30, 2024. The gross profit margin of our automotive electronics solutions increased from 18.5% in the nine months ended September 30, 2023 to 19.1% in the nine months ended September 30, 2024, primarily attributable to increased sales of sophisticated automotive intelligence products which had higher profitability.

- The gross profit of our automotive safety solutions increased by RMB701.1 million, or 21.4%, from RMB3,282.8 million in the nine months ended September 30, 2023 to RMB3,983.9 million in the nine months ended September 30, 2024. The gross profit margin of our automotive safety solutions increased from 11.4% in the nine months ended September 30, 2023 to 14.0% in the nine months ended September 30, 2024, as (i) we implemented advanced management systems and processes across our global network, especially in overseas markets, resulting in enhanced efficiency; (ii) we continued to improve our production processes and standardize our manufacturing processes across global production facilities; and (iii) we optimized our supply chain structure in certain overseas markets.

Other Income

Our other income increased by RMB41.8 million, or 40.0%, from RMB104.6 million in the nine months ended September 30, 2023 to RMB146.4 million in the nine months ended September 30, 2024, primarily due to a preferential tax treatment for advanced manufacturing companies that we were qualified for in late 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB110.4 million, or 38.4%, from RMB287.8 million in the nine months ended September 30, 2023 to RMB398.3 million in the nine months ended September 30, 2024. The increase was mainly due to (i) an increase in staff cost as we expanded our selling and marketing team to support our business expansion; and (ii) an increase in sample fee generally in line with our business growth.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB2,120.2 million in the nine months ended September 30, 2023 and RMB2,096.6 million in the nine months ended September 30, 2024.

Research and Development Costs

Our research and development costs remained relatively stable at RMB1,743.9 million in the nine months ended September 30, 2023 and RMB1,771.6 million in the nine months ended September 30, 2024.

Impairment Reversal/(Losses) on Trade and Other Receivables

Our impairment losses on trade and other receivables decreased by RMB8.9 million, or 35.3%, from RMB25.3 million in the nine months ended September 30, 2023 to RMB16.3 million in the nine months ended September 30, 2024, generally in line with the decrease in our trade and bills receivables especially as we recovered a portion that is over one year.

Other Net Gains

Our other net gains decreased by RMB138.8 million, or 78.2%, from RMB177.4 million in the nine months ended September 30, 2023 to RMB38.6 million in the nine months ended September 30, 2024. The decrease was mainly due to the redemption of our wealth management products.

Finance Costs

Our finance costs decreased by RMB23.3 million, or 3.6%, from RMB653.7 million in the nine months ended September 30, 2023 to RMB630.5 million in the nine months ended September 30, 2024. The decrease was primarily due to (i) a decrease in interest on loans and borrowings due to the decreasing balance of our loans and borrowings, and (ii) an increase in net exchange gains due to fluctuations in currency exchange rates.

Income Tax

Our income tax expenses increased by RMB203.1 million, or 66.4%, from RMB306.0 million in the nine months ended September 30, 2023 to RMB509.1 million in the nine months ended September 30, 2024, generally in line with the increase in our operating profit.

Profit for the Period

As a result of the foregoing, our profit for the period increased by RMB393.1 million, or 45.2%, from RMB869.8 million in the nine months ended September 30, 2023 to RMB1,262.9 million in the nine months ended September 30, 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by RMB5,935.1 million, or 11.9%, from RMB49,793.4 million in 2022 to RMB55,728.5 million in 2023, in line with the growth of our business.

Revenue by Product Line

Revenue derived from our automotive electronics solutions increased by RMB1,786.3 million, or 11.6%, from RMB15,365.4 million in 2022 to RMB17,151.6 million in 2023, as a result of the increase in the sales of a majority of our automotive electronics products and solutions.

Revenue derived from our automotive safety solutions increased by RMB4,148.8 million, or 12.1%, from RMB34,428.0 million in 2022 to RMB38,576.8 million in 2023, primarily due to sales increase across major automotive markets in the world.

Cost of Sales

Our cost of sales increased by RMB3,420.2 million, or 7.7%, from RMB44,251.4 million in 2022 to RMB47,671.5 million in 2023, primarily attributable to the increase in material cost, generally in line with our revenue growth.

In particular, our cost of sales for automotive electronics solutions increased by RMB1,190.2 million, or 9.3%, from RMB12,759.5 million in 2022 to RMB13,949.7 million in 2023, generally in line with the increase in our revenue from automotive electronics solutions.

Our cost of sales in relation to automotive safety solutions increased by RMB2,230.0 million, or 7.1%, from RMB31,491.8 million in 2022 to RMB33,721.8 million in 2023, generally in line with the increase in our revenue from automotive safety solutions.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by RMB2,515.0 million, or 45.4%, from RMB5,542.0 million in 2022 to RMB8,056.9 million in 2023.

Our gross profit margin increased from 11.1% in 2022 to 14.5% in 2023. The increase in our gross profit margin was primarily because of our efforts to enhance cost competitiveness and operational efficiency.

In particular:

- The gross profit of our automotive electronics solutions increased by RMB596.1 million, or 22.9%, from RMB2,605.8 million in 2022 to RMB3,201.9 million in 2023, in line with the increase in revenue from our automotive electronics solutions. The gross profit margin of our automotive electronics solutions increased from 17.0% in 2022 to 18.7% in 2023, primarily attributable to (i) increased sales of sophisticated automotive intelligence products which had higher profitability; (ii) reduced material cost due to our efforts in managing the cost efficiency of our raw material procurement and diversifying our supplier base; and (iii) lowered international shipping cost.

- The gross profit of our automotive safety solutions increased by RMB1,918.8 million, or 65.3%, from RMB2,936.2 million in 2022 to RMB4,855.0 million in 2023, in line with the increase in revenue from our automotive safety solutions. The gross profit margin of our automotive safety solutions increased from 8.5% in 2022 to 12.6% in 2023, (i) primarily because we negotiated more favorable prices with our customers; and, to a lesser extent, (ii) due to our continuous efforts in improving cost efficiency in manufacturing.

Other Income

Our other income increased by RMB28.5 million, or 23.6%, from RMB121.2 million in 2022 to RMB149.7 million in 2023, primarily due to an increase in asset-based government grants and government subsidies for high technology enterprises.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB432.8 million in 2022 and RMB437.2 million in 2023.

Administrative Expenses

Our administrative expenses increased by RMB349.7 million, or 13.6%, from RMB2,572.3 million in 2022 to RMB2,922.0 million in 2023. The increase was primarily due to (i) an increase in staff cost, primarily due to the increase in performance-based bonuses; and (ii) an increase in travel expense in line with our business growth.

Research and Development Costs

Our research and development costs increased by RMB402.7 million, or 18.8%, from RMB2,138.8 million in 2022 to RMB2,541.5 million in 2023. The increase was mainly due to an increase in staff cost, as we expand and enhanced our R&D team and in line with increased R&D activities to support our business growth.

Impairment Reversal/(Losses) on Trade and Other Receivables

We recorded impairment reversal on trade and other receivables of RMB15.8 million in 2022 while we recorded impairment losses on trade and other receivables of RMB36.0 million in 2023. The impairment reversal on trade and other receivables in 2022 represents the collection of certain amounts receivable that was previously impaired, due to our efforts in strengthening receivables collections. The impairment losses on trade and other receivables recognized in 2023 was in line with our impairment policies based on the trade and other receivables balance.

Other Net Gains

Our other net gains decreased by RMB78.8 million, or 25.5%, from RMB309.2 million in 2022 to RMB230.4 million in 2023. The decrease was mainly due to tax refund recognized in 2022.

Finance Costs

Our finance costs increased by RMB412.2 million, or 86.3%, from RMB477.5 million in 2022 to RMB889.8 million in 2023. The increase was mainly due to (i) an increase in interest on loans and borrowings due to the increased interest rate on floating-rate loans resulting from the increase in major benchmark rates worldwide; and (ii) a decrease in net exchange gains due to fluctuation in currency exchange rates.

Income Tax

Our income tax expenses increased by RMB275.6 million, or 111.8%, from RMB246.6 million in 2022 to RMB522.2 million in 2023, generally in line with the increase in our operating profit, in particular, as our operating results improved in overseas markets.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly by RMB1,006.8 million, from RMB233.3 million in 2022 to RMB1,240.1 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		As of September 30,
	2022	2023	2024
		(RMB in thousands)	
			(Unaudited)
Non-current assets			
Property, plant and equipment	13,356,202	13,814,128	13,693,863
Right-of-use assets	1,189,408	1,143,990	1,269,716
Intangible assets	3,941,526	4,207,511	4,407,877
Interests in associates	1,977,502	2,185,497	2,457,446
Interest in joint venture	109,797	109,817	109,817
Goodwill	5,421,070	5,547,002	5,493,692
Prepayments and other assets	823,164	1,682,305	1,804,628
Trade and other receivables	377,688	355,473	313,251
Financial assets measured at fair value through profit or loss ("FVPL")	707,483	213,590	231,843
Derivative financial instruments	189,820	79,168	35,942
Deferred tax assets	1,042,547	1,185,982	1,121,534
Total non-current assets	29,136,207	30,524,463	30,939,609
Current assets			
Derivative financial instruments	81,776	104,103	57,935
Inventories	7,436,464	7,836,849	8,616,290
Trade and other receivables	10,133,224	11,068,868	10,734,687
Prepayments and other assets	1,453,691	1,895,533	1,763,230
Financial assets measured at FVPL	465,786	280,724	120,865
Restricted bank deposits	1,559,425	922,792	489,035
Cash and cash equivalents	3,845,521	4,253,516	6,482,339
Total current assets	24,975,887	26,362,385	28,264,381
Current liabilities			
Loans and borrowings	6,969,046	7,638,528	8,735,604
Derivative financial instruments	339	3,671	15,924
Trade and other payables	12,404,293	13,542,303	13,524,958
Contract liabilities	681,942	658,424	793,628
Lease liabilities	128,506	133,189	172,687
Current taxation	229,778	265,327	239,606
Provisions	461,310	389,166	338,032
Total current liabilities	20,875,214	22,630,608	23,820,439
Net current assets	4,100,673	3,731,777	4,443,942
Total assets less current liabilities	33,236,880	34,256,240	35,383,551

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Non-current liabilities			
Loans and borrowings	12,467,739	11,960,008	13,713,466
Defined benefit plan obligations	1,097,687	1,210,280	1,191,122
Trade and other payables	519,583	522,734	442,694
Lease liabilities	651,639	619,135	657,353
Deferred income	102,952	101,280	126,852
Provisions	328,567	284,310	237,867
Deferred tax liabilities	365,035	432,121	403,427
Total non-current liabilities	15,533,202	15,129,868	16,772,781
Net assets	17,703,678	19,126,372	18,610,770
Capital and Reserves			
Share capital	1,368,085	1,408,702	1,408,702
Reserves	10,884,815	12,170,332	12,136,278
Total equity attributable to equity shareholders of the Company	12,252,900	13,579,034	13,544,980
Non-controlling interests	5,450,778	5,547,338	5,065,790
Total equity	17,703,678	19,126,372	18,610,770

Property, Plant and Equipment

Our property, plant and equipment primarily consists of (i) machinery and equipment, (ii) building and building improvements, (iii) construction in progress, (iv) other equipment, (v) land and land improvements, (vi) leasehold improvements and (vii) motor vehicles.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Machinery and equipment	4,614,462	4,423,048	4,354,483
Buildings and building improvements	3,725,859	3,736,053	3,960,386
Construction in progress	2,148,642	2,761,083	2,587,056
Other equipment	1,438,865	1,443,929	1,390,675
Land and land improvements	1,356,235	1,379,939	1,325,760
Leasehold improvements	61,396	57,995	58,934

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Motor vehicles	10,743	12,081	16,569
Total	**13,356,202**	**13,814,128**	**13,693,863**

Our property, plant and equipment increased from RMB13,356.2 million as of December 31, 2022 to RMB13,814.1 million as of December 31, 2023, primarily due to an increase in construction in progress because there were new production lines under construction. Our property, plant and equipment then decreased to RMB13,693.9 million as of September 30, 2024, primarily due to depreciation charges.

Right-of-Use Assets

Our right-of-use assets primarily represent the carrying amount of buildings and building improvements, land use rights, motor vehicles and machinery and equipment. Our right-of-use assets decreased from RMB1,189.4 million as of December 31, 2022 to RMB1,144.0 million as of December 31, 2023, primarily due to the fluctuation of exchange rates. Our right-of-use assets increased to RMB1,269.7 million as of September 30, 2024, mainly due to the new leases we entered into in 2024 for office space in Germany.

Intangible Assets

Our intangible assets primarily consist of (i) capitalized R&D expenditure, (ii) technology, (iii) software and patent right, (iv) trademarks and (v) customer relationships. Our capitalized R&D expenditure represents our R&D costs incurred for certain platform technologies that were expected to be applied across our businesses.

The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
		(RMB in thousands)	
			(Unaudited)
Capitalized R&D expenditure	3,279,931	3,605,460	3,775,291
Technology	272,972	272,972	272,972
Software and patent right	121,309	96,089	157,829
Trademark	118,178	111,212	103,371
Customer relationship	148,659	120,928	97,195
Others	477	850	1,219
Total	**3,941,526**	**4,207,511**	**4,407,877**

Our intangible assets increased from RMB3,941.5 million as of December 31, 2022 to RMB4,207.5 million as of December 31, 2023 and further increased to RMB4,407.9 million as of September 30, 2024, primarily due to an increase in capitalized R&D expenditure as more R&D costs were incurred for certain platform technologies.

Interests in Associates

Our interests in associates primarily comprise investment in Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. and Guangdong Senssun Weighing Apparatus Group Ltd. Our interests in associates increased from RMB1,977.5 million as of December 31, 2022 to RMB2,185.5 million as of December 31, 2023 due to the share of profit from these associates. Our interests in associates further increased to RMB2,457.4 million as of September 30, 2024, primarily reflecting the increase in our shareholding in one of our associates. See note 14 to the Accountants' Report in Appendix I to this document.

Interest in Joint Venture

Our interest in joint venture primarily represents investment in joint ventures. Our interest in joint venture remained stable at RMB109.8 million as of December 31, 2022, December 31, 2023 and September 30, 2024.

Goodwill

Our goodwill arises from the Group's acquisition of the automobile information segment of TechniSat Digital GmbH (subsequently named as Preh Car Connect GmbH), the mergers of KSS Holdings and the acquisition of the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business through KSS Holdings. Our goodwill increased from RMB5,421.1 million as of December 31, 2022 to RMB5,547.0 million as of December 31, 2023, then decreased to RMB5,493.7 million as of September 30, 2024, primarily due to the fluctuation in currency exchange rates. See note 15 of the Accountants' Report in Appendix I to this document.

Goodwill arising from our business combination is tested annually for impairment. For the purposes of impairment review, the recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the cash generating units themselves and macro-environment of the relevant region.

Prepayments and other assets

The current portion of our prepayments and other assets consists of purchase of raw materials, purchase of tooling, deferred expenses and contract costs and others. The non-current portion of our prepayments and other assets primarily consists of (i) payment to OEMs, which represents an initial payment required from us by OEMs when entering into new projects, in line with the industry norm, (ii) prepayment for long-term assets related to our equipment and (iii) deferred expense for prepayments of insurance.

The following table sets forth a breakdown of our prepayments and other assets as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		*(Unaudited)*
Non-current			
Payment to OEMs	359,086	376,168	374,795
Prepayment for long-term assets	406,040	631,346	120,596
Contract costs and others	58,038	674,791	1,309,237
	823,164	1,682,305	1,804,628
Current			
Purchase of raw materials	80,414	88,362	107,854
Purchase of tooling	45,889	84,110	62,233
Deferred expense	162,884	236,006	238,297
Contract costs and others	1,164,504	1,487,055	1,354,846
	1,453,691	1,895,533	1,763,230
Total	**2,276,855**	**3,577,838**	**3,567,858**

Our prepayments and other assets increased by 57.1% from RMB2,276.9 million as of December 31, 2022 to RMB3,577.8 million as of December 31, 2023, primarily attributable to an increase in prepayment for long-term assets related to purchases of production equipment, and (ii) an increase in deferred expense, primarily due to the increase in prepaid expense for insurance.

Our prepayments and other assets decreased by 0.3% from RMB3,577.8 million as of December 31, 2023 to RMB3,567.9 million as of September 30, 2024, primarily due to a decrease in prepayment for long-term assets as certain equipment prepaid for were delivered, accepted and commenced operation.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables due from third parties and related parties, (ii) trade and bills receivables, (iii) bills receivable and (iv) other receivables, mainly including tax refund receivables and dividend receivables.

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Current			
Trade receivables			
– Third parties	7,705,690	8,172,633	8,291,200
– Related parties	30,626	14,145	42,333
Bills receivable	637,601	657,866	374,091
Receivables to be factored	40,149	18,879	20,851
Less: allowance for doubtful debts	(135,431)	(154,717)	(146,388)
Trade and bills receivables	8,278,635	8,708,806	8,582,087
Other receivables			
– VAT recoverable	807,566	1,080,253	1,054,040
– Consideration receivable	–	366,430	–
– Tax refund receivable	237,168	289,501	386,133
– Dividend receivable	209,202	235,102	208,217
– Deposits and prepayments	99,344	89,336	100,872
– Advances from related parties	114,462	12,862	12,862
– Staff advance	21,980	29,507	27,640
– Others	364,867	257,071	362,836
Other receivables	1,854,589	2,360,062	2,152,600
	10,133,224	**11,068,868**	**10,734,687**
Non-current			
Other receivables			
– Compensation receivables	159,551	119,205	118,529
– Overpayment of tax in previous years by overseas subsidiaries	204,536	224,955	188,854
– Others	13,601	11,313	5,868
	377,688	**355,473**	**313,251**
Total current and non-current trade and other receivables	**10,510,912**	**11,424,341**	**11,047,938**

Our trade and other receivables increased by 8.7% from RMB10,510.9 million as of December 31, 2022 to RMB11,424.3 million as of December 31, 2023, generally in line with our business growth.

Our trade and other receivables remained relatively stable at RMB11,424.3 million and RMB11,047.9 million as of December 31, 2023 and September 30, 2024, respectively.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on the invoice dates as of the dates indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
		(RMB in thousands)	
			(Unaudited)
Within 1 year	7,610,468	8,001,845	8,239,743
More than 1 year but within 2 years	114,688	178,943	84,446
More than 2 years but within 3 years	6,242	5,210	5,581
More than 3 years	4,918	780	3,763
	7,736,316	8,186,778	8,333,533
Less: Provision for bad and doubtful debts	(135,431)	(154,717)	(146,388)
Total	**7,600,885**	**8,032,061**	**8,187,145**

The following table sets forth the turnover days of our trade and bills receivables for the years/periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
		(days)	
Trade and bills receivable turnover days[(1)]	56.1	54.9	56.7

Note:

(1) Trade and bills receivable turnover days for a year/period equal the average of the opening and closing balance of trade and bills receivable for the relevant year/period divided by the revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 270 days for nine months.

Our trade and bills receivable turnover days remained relatively stable at 56.1 days in 2022, 54.9 days in 2023 and 56.7 days in the nine months ended September 30, 2024, respectively.

As of November 30, 2024, approximately RMB6,299.5 million, or 75.6% of our trade and bills receivables as of September 30, 2024 had been settled.

Financial assets measured at fair value through profit or loss ("FVPL")

The current portion of our financial assets measured at fair value through profit or loss primarily consists of (i) financial products, primarily representing wealth management products, (ii) listed equity securities of Ningbo PIA Automation Holding Corp. and (iii) bond investment. The non-current portion of our financial assets measured at fair value through profit or loss mainly consists of (i) equity instruments, (ii) reinsurance of defined benefit plan and (iii) unsettled consideration of selling 51% shares of Ningbo JoysonQuin Automotive Systems Holding Co., Ltd..

The current portion of our financial assets measured at fair value through profit or loss decreased by 39.7% from RMB465.8 million as of December 31, 2022 to RMB280.7 million as of December 31, 2023, and further decreased by 56.9% to RMB120.9 million as of September 30, 2024, primarily due to the redemption of the wealth management products.

The non-current portion of our financial assets measured at fair value through profit or loss decreased by 69.8% from RMB707.5 million as of December 31, 2022 to RMB213.6 million as of December 31, 2023, primarily representing the RMB562.2 million of unsettled consideration for selling 51% shares of Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. in 2022, the amount of which was subject to adjustments under certain payment conditions. Before these conditions were met, this unsettled consideration was recognized at fair value. Theses payment conditions were met in 2023 and therefore the consideration amount was reclassified as consideration receivables. The non-current portion of our financial assets measured at fair value through profit or loss increased by 8.5% from RMB213.6 million as of December 31, 2023 to RMB231.8 million as of September 30, 2024, primarily due to an increase in equity instruments in relation to new investments we made.

Deferred Tax Assets

Our deferred tax assets increased from RMB1,042.5 million as of December 31, 2022 to RMB1,186.0 million as of December 31, 2023, primarily due to change in presentation approach of lease-related temporary difference as required by revision in applicable accounting standards. Our deferred tax assets decreased from RMB1,186.0 million as of December 31, 2023 to RMB1,121.5 million as of September 30, 2024, primarily in relation to certain taxable profits.

Inventories

Our inventories primarily consist of raw material, work in progress, and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Raw materials	5,116,246	5,238,732	5,701,895
Work in progress	1,345,935	1,617,655	1,692,200
Finished goods	974,283	980,462	1,222,195
Total	**7,436,464**	**7,836,849**	**8,616,290**

Our inventories increased by 5.4% from RMB7,436.5 million as of December 31, 2022 to RMB7,836.8 million as of December 31, 2023 and further increased by 9.9% to RMB8,616.3 million as of September 30, 2024, generally in line with the increase in our revenue.

The following table sets forth the turnover days of our inventories for the years/periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
	(days)		
Inventory turnover days[1]	56.0	57.7	64.0

Note:

(1) Inventory turnover days for a year/period equal the average of the opening and closing balance of inventory, excluding contract cost, for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 270 days for nine months.

Our inventory turnover days increased from 56.0 days in 2022 to 57.7 days in 2023 and 64.0 days in the nine months ended September 30, 2024, primarily because (i) we optimized our supply network which involved switching suppliers across regions, resulting in a temporary increase in raw materials in transit and (ii) we stocked up raw materials for our new factories.

As of November 30, 2024, approximately RMB6,364.4 million, or 64.5% of our inventories as of September 30, 2024 had been sold.

Trade and Other Payables

Our trade and other payables primarily consist of trade and bills payables, accrued payroll, welfare and bonus, other payables and accruals, other tax payables and sales discounts representing price reductions. The following table sets forth details of our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Current			
Trade and bills payables	8,921,461	9,710,411	9,543,889
Accrual expenses	510,161	445,195	386,884
Sales discounts	472,459	503,460	470,789
Accrued payroll, welfare and bonus	1,205,880	1,441,458	1,568,561
Other tax payables	530,486	710,438	672,890
Other payables and accruals	763,846	731,341	881,945
	12,404,293	**13,542,303**	**13,524,958**
Non-current			
Claim Liabilities	248,652	231,230	186,266
Other long-term employee benefits payables	181,747	237,994	234,506
Others payables and accruals	89,184	53,510	21,922
	519,583	**522,734**	**442,694**
Total	**12,923,876**	**14,065,037**	**13,967,652**

Our trade and other payables remained relatively stable at RMB12,923.9 million, RMB14,065.0 million and RMB13,967.7 million as of December 31, 2022 and 2023 and September 30, 2024, respectively.

The following table sets forth the turnover days of our trade and bills payable for the years/periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	**2023**	**2024**
		(days)	
Trade and bills payable turnover days[(1)]	65.8	70.4	74.9

Note:

(1) Trade and bills payables turnover days for a year/period equal the average of the opening and closing balance of trade and bills payables for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 270 days for nine months.

Our trade and bills payable turnover days increased from 65.8 days in 2022 to 70.4 days in 2023 and 74.9 days in the nine months ended September 30, 2024, primarily a result of our supply chain management adjustment.

As of November 30, 2024, approximately RMB5,347.2 million, or 56.0% of our trade and bills payables as of September 30, 2024 had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been and is expected to continue to be cash generated from operations together with available credit facilities and bank borrowings. Our liquidity requirements primarily relate to funding our working capital requirements and our capital expenditures. Our ability to generate cash flow from operations depends on our future operating performance, which is in turn dependent on general economic, financial, competitive, market and other factors, many of which are beyond our control. See "Risk Factors" for a discussion of certain factors that could affect our operations.

Net Current Assets

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(RMB in thousands)			
				(Unaudited)
Current assets				
Derivative financial instruments	81,776	104,103	57,935	59,425
Inventories	7,436,464	7,836,849	8,616,290	9,546,023
Trade and other receivables	10,133,224	11,068,868	10,734,687	11,572,087
Prepayments and other assets	1,453,691	1,895,533	1,763,230	250,811
Financial assets measured at FVPL	465,786	280,724	120,865	132,630
Restricted bank deposits	1,559,425	922,792	489,035	463,463
Cash and cash equivalents	3,845,521	4,253,516	6,482,339	6,156,016
Total current assets	**24,975,887**	**26,362,385**	**28,264,381**	**28,180,455**
Current liabilities				
Loans and borrowings	6,969,046	7,638,528	8,735,604	7,558,273
Derivative financial instruments	339	3,671	15,924	24,138
Trade and other payables	12,404,293	13,542,303	13,524,958	13,577,370
Contract liabilities	681,942	658,424	793,628	805,343
Lease liabilities	128,506	133,189	172,687	163,222
Current taxation	229,778	265,327	239,606	261,334
Provisions	461,310	389,166	338,032	406,411
Total current liabilities	**20,875,214**	**22,630,608**	**23,820,439**	**22,796,090**
Net current assets	**4,100,673**	**3,731,777**	**4,443,942**	**5,384,365**

Our net current assets increased by 20.6% from RMB4,443.9 million as of September 30, 2024 to RMB5,384.4 million as of November 30, 2024, primarily due to a decrease in loans and borrowings.

Our net current assets increased by 19.1% from RMB3,731.8 million as of December 31, 2023 to RMB4,443.9 million as of September 30, 2024, primarily due to an increase in cash and cash equivalents, partially offset by an increase in loans and borrowings.

Our net current assets decreased by 9.0% from RMB4,100.7 million as of December 31, 2022 to RMB3,731.8 million as of December 31, 2023. The decrease was primarily due to an increase in trade and other payables, partially offset by an increase cash and cash equivalents.

Cash Flow

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the years indicated:

	Year ended December 31,		Nine Months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	
Net cash generated from operating activities	2,169,820	3,929,016	2,755,731	3,050,441
Net cash used in investing activities	(2,674,845)	(2,828,170)	(2,339,830)	(1,478,314)
Net cash (used in)/generated from financing activities	(230,945)	(726,052)	(456,606)	676,593
Net (decrease)/increase in cash and cash equivalents	(735,970)	374,794	(40,705)	2,248,720
Cash and cash equivalents at the beginning of the year/period	4,549,246	3,845,521	3,845,521	4,253,516
Effect of foreign exchange rate changes	32,245	33,201	(60,107)	(19,897)
Cash and cash equivalents at end of year/period	3,845,521	4,253,516	3,744,709	6,482,339

Net Cash Generated from Operating Activities

In the nine months ended September 30, 2024, we had net cash generated from operating activities of RMB3,050.4 million, which was primarily attributable to our profit before income tax of RMB1,772.0 million, as adjusted by (i) non-cash and non-operating items which primarily consisted of depreciation of RMB1,532.9 million, interest expenses of RMB864.1 million, and amortization of intangible assets of RMB739.1 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other receivables and other assets of RMB1,168.2 million, and an increase in inventories of RMB825.7 million.

In 2023, we had net cash generated from operating activities of RMB3,929.0 million, which was primarily attributable to our profit before income tax of RMB1,762.3 million, as adjusted by (i) non-cash and non-operating items which primarily consisted of depreciation of RMB1,828.3 million, interest expenses of RMB1,120.9 million, and amortization of intangible assets of RMB1,076.6 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other receivables and other assets of RMB1,736.5 million, and an increase in trade and other payables and accruals of RMB1,115.5 million.

In 2022, we had net cash generated from operating activities of RMB2,169.8 million, which was primarily attributable to our profit before income tax of RMB479.8 million, as adjusted by (i) non-cash and non-operating items which primarily consisted of depreciation of RMB1,838.9 million, amortization of intangible assets of RMB1,048.6 million and interest expenses of RMB932.1 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other receivables and other assets of RMB2,165.0 million, an increase in trade and other payables and accruals of RMB1,796.9 million and an increase in inventories of RMB1,083.5 million.

Net Cash Used in Investing Activities

In the nine months ended September 30, 2024, we had net cash used in investing activities of RMB1,478.3 million, which was primarily attributable to (i) payment for purchases of property, plant and equipment, intangible assets and right-of-use assets of RMB2,345.7 million and (ii) prepaid earnest money deposit for equity investment of RMB469.7 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB193.7 million and (ii) net proceeds from disposal of subsidiaries and other business units of RMB340.0 million.

In 2023, we had net cash used in investing activities of RMB2,828.2 million, which was primarily attributable to (i) payment for purchases of property, plant and equipment, intangible assets and right-of-use assets of RMB3,770.4 million and (ii) payment for purchase of financial assets measured at FVPL of RMB844.0 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB1,047.4 million and (ii) net proceeds from disposal of subsidiaries and other business units of RMB810.0 million.

In 2022, we had net cash used in investing activities of RMB2,674.8 million, which was primarily attributable to (i) payment for purchases of property, plant and equipment, intangible assets and right-of-use assets of RMB3,303.9 million and (ii) payment for purchase of financial assets measured at FVPL of RMB1,215.0 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB1,681.0 million.

Net Cash (Used in)/Generated from Financing Activities

In the nine months ended September 30, 2024, we had net cash generated from financing activities of RMB676.6 million, which was primarily attributable to (i) proceeds from bank loans of RMB11,960.9 million and (ii) partial disposal of shares in subsidiary of RMB1,475.0 million, partially offset by payment for the purchase of minority interests in subsidiaries of RMB2,047.5 million.

In 2023, we had net cash used in financing activities of RMB726.1 million, which was primarily attributable to (i) repayment of bank loans of RMB8,727.2 million and (ii) interest of bank loans paid of RMB904.0 million, partially offset by proceeds from bank loans of RMB8,413.4 million.

In 2022, we had net cash used in financing activities of RMB230.9 million, which was primarily attributable to (i) repayment of bank loans of RMB5,664.9 million and (ii) interest of bank loans paid of RMB762.9 million, partially offset by proceeds from bank loans of RMB5,710.0 million.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the long-term bank deposits and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(RMB in thousands)			
			(unaudited)	
Current				
Loans and borrowings	6,969,046	7,638,528	8,735,604	7,558,273
Lease liabilities	128,506	133,189	172,687	163,222
Non-current				
Loans and borrowings	12,467,739	11,960,008	13,713,466	14,568,858
Lease liabilities	651,639	619,135	657,353	639,785
Total	**20,216,930**	**20,350,860**	**23,279,110**	**22,930,138**

Loans and Borrowings

Our loans and borrowings comprised both secured and unsecured bank loans, with effective interest rates ranging from 0.46% to 9.28% per annum. As of December 31, 2022 and 2023 and September 30 and November 30, 2024, the aggregate balance of our loans and borrowings was RMB19,436.8 million, RMB19,598.5 million, RMB22,449.1 million and RMB22,102.5 million, respectively. In 2018, we acquired the core businesses and assets of Takata (excluding phase-stabilized ammonium nitrate business). To finance this acquisition, we entered into certain syndicated loans, which were refinanced in 2021. These loans were secured by substantial assets of Joyson Safety Systems, our subsidiaries primarily engaged in automotive safety business and constitute a substantial portion of the Group's assets. As of December 31, 2022 and 2023 and September 30, 2024, the outstanding balance of these syndicated loans was RMB6,970.9 million, RMB7,025.4 million and RMB6,935.1 million. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. See note 24 to the Accountants' Report in Appendix I to this document.

Lease Liabilities

Our lease liabilities represent financial obligations for leased assets. As of December 31, 2022 and 2023, September 30, 2024 and November 30, 2024, we recognized total lease liabilities, including current and non-current lease liabilities, of RMB0.8 million, RMB0.8 million, RMB0.8 million and RMB0.8 million, respectively. Our total lease liabilities remained relatively stable throughout the Track Record Period.

Except as discussed above, as of November 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), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Our Directors confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, any material default in the payments of trade and non-trade payables, bank loans and other borrowings, or any material breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Our Directors further confirm that there has not been any material change in our indebtedness since the Latest Practicable Date up to the date of this document.

CAPITAL COMMITMENTS

The following table sets forth details of our capital commitments as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(unaudited)
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	462,675	635,969	594,185
Total	**462,675**	**635,969**	**594,185**

CAPITAL EXPENDITURES

We calculate capital expenditures as additions of construction in progress, machinery and equipment, buildings and building improvements and other equipment. Our capital expenditures during the Track Record Period reflect our expansion investments to support our expected future growth. The table below outlines our capital expenditures for the years indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(unaudited)
Construction in progress	1,246,470	1,178,396	977,353
Machinery and equipment	308,807	387,777	324,689
Buildings and building improvements	21,509	132,977	140,846
Other equipment	225,176	184,739	89,959
Land and land improvements	43,770	30,594	17,403
Leasehold improvements	3,249	14,633	16,106
Motor vehicles	1,979	10,239	7,740
Total	**1,850,960**	**1,939,355**	**1,574,096**

CONTINGENT LIABILITIES

As of September 30, 2024, we were not subject to any material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2024, we did not have any outstanding off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see note 35 to the Accountants' Report in Appendix I to this document.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in note 35 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and on 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 cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		Nine months ended/As of September 30,
	2022	**2023**	**2024**
Gross profit margin (%)	11.1	14.5	15.6
Adjusted EBITDA margin (non-IFRS measure) (%)	8.9	10.7	12.0
Trade and bills receivable turnover days	56.1	54.9	56.7
Current ratio	1.2	1.2	1.2
Quick ratio	0.8	0.8	0.8
Gearing ratio (%)	67.3	66.4	68.6

Notes:

(1) Gross profit margin is calculated as gross profit for the year/period divided by revenue and multiplied by 100%.

(2) Adjusted EBITDA margin (non-IFRS measure) is calculated as adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%.

(3) Trade and bills receivable turnover days for a year/period equal the average of the opening and closing balance of trade and bills receivable for the relevant year/period divided by the revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360 days for each year and 270 days for nine months.

(4) Current ratio is calculated as current assets divided by current liabilities as of the relevant year/period end.

(5) Quick ratio is calculated as current assets less inventories divided by current liabilities as of the relevant year/period end.

(6) Gearing ratio is calculated as total liabilities divided by total assets of the year/period multiplied by 100%.

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and currency risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details, see note 33 to the Accountants' Report in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Our credit risk is primarily attributable to accounts receivable, contract assets or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. Our exposure to credit risk arising from cash and restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to have low credit risk.

We do not provide any guarantees which would expose us to credit risk.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively.

Currency Risk

We are exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the EUR, Chinese Yuan (CNY) and United States Dollars (USD). The currencies in which these transactions are primarily denominated are New Lei (RON), Peso (MXN), Yen (JPY), Baht (THB), Pound (GBP), Won (KRW), Russian (RUB), Poland (PLN), Hungarian (HUF), Uruguay (UYU), Argentina (ARS), Singapore (SGD), Swedish (SEK), Switzerland (CHF), Czech Koruna (CZK).

DIVIDENDS AND DIVIDEND POLICY

Our Company declared dividends of RMB136.8 million and RMB365.5 million in 2023 and the nine months ended September 30, 2024, representing dividend payout ratios of 34.7% and 33.7%, respectively. We did not declare dividend in 2022. Dividend payout ratio is calculated by dividing our dividend by the distributable net profit and total comprehensive income for the year attributable to the equity shareholders of the Company of the previous year. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2022 and 2023 in full. See note 32(b) to the Accountants' Report in Appendix I to this document. After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future" in this document.

DISTRIBUTABLE RESERVES

As of September 30, 2024, our Company had retained earnings of RMB2,385.1 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in [**REDACTED**] fees. Among the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details on our unaudited [**REDACTED**] adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since September 30, 2024, the end of the period reported on the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

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**] 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**], is expected to be used to enhance our leadership position in the intelligent automotive technology industry, capturing transformative opportunities in the downstream automotive industry by investing in the research, development and commercialization of next-generation automotive intelligence solutions and cutting-edge technologies. Specifically:

  - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for developing our next-generation automotive intelligence solutions. We plan to develop (i) intelligent driving and advanced autonomous driving domain controllers that are compatible with mainstream intelligent automotive chips; (ii) cockpit-driving fusion domain controllers; and (iii) highly integrated cross-domain single-chip CCUs. In addition, we plan to develop 5G-A/5.5G smart connectivity technology, V2X synergized perception solutions, communication modules and integrated digital intelligent antennas that are compatible with global market standards.

  - approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the development and commercialization of next-generation automotive power electronics solutions, such as high-power wireless charging systems at wall-end, ground-end and vehicle-end. We also plan to develop the next-generation electronics products, targeting to meet the demand of new energy vehicles for high-voltage electrical architecture. Utilizing the latest technologies, such products will achieve optimal product size, power density and cost efficiency.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for improving our manufacturing capacities, optimizing our supply chain management, and improving cost efficiency. Specifically:

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for constructing a comprehensive innovative industrial base in China specializing in the development and production of automotive electronics and safety solutions.

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expanding our airbag manufacturing capacities, strengthening our control over key components and enhancing cost efficiency by building (i) a production base in Southeast Asia to leverage geographical and supply chain advantages; and (ii) a manufacturing facility in China for airbag inflators.

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for improving our supply chain capabilities. We plan to (i) adopt a cloud-based global supply chain collaboration system; (ii) help suppliers build production facilities around the world in coordination with our expansion, thereby strengthening the integration of China's local advantages with global supply chain resources to cultivate local suppliers overseas; (iii) explore, identify and foster oversea suppliers on a greater scale to support our global expansion in synergy with our suppliers; and (iv) collaborate with professional parties to improve the ESG practice and sustainable development throughout our supply chain, including conducting ESG trainings and risk evaluation on our suppliers.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expanding our overseas business presence and collaborating with OEM customers in overseas expansion. Specifically:

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for enhancing after-sale support and customer services for our Chinese OEM customers in their overseas business by optimizing our global business and office network and investing in employees dedicated to overseas markets.

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for enhancing global brand awareness, strengthening the promotion and sales of automotive intelligence solutions in overseas markets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for potential investment, and merger and acquisition opportunities in targets with technology specialties, business operation and brand profiles complementary to our business, aiming to reinforce our leading position in the electrification and intelligence trend of automotive industry. We will seek opportunities in the area of advanced autonomous driving technologies, advanced sensors, cutting-edge new energy management technologies, "Automotive + AI," Robotaxi, integrated vehicle-road-cloud system and eVTOLs.

  As of the Latest Practicable Date, we had not identified any specific acquisition targets and were not in ongoing negotiations with any specific acquisition targets.

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

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 an event, we will comply with the appropriate disclosure requirements under the Listing Rule.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[●], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 寧波均勝電子股份有限公司 NINGBO JOYSON ELECTRONIC CORP. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of 寧波均勝電子股份有限公司 Ningbo Joyson Electronic Corp. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022 and 2023, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flow for each of the years ended 31 December 2022 and 2023 (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-[4] 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.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 (the "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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022 and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group as at 30 September 2024, the statement of financial position of the Company as at 30 September 2024, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flow for the nine months ended 30 September 2023 and 2024 and explanatory notes (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, 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 Hong Kong 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 Interim Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 32(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[*Date*]

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 KPMG in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Years ended 31 December		Nine months ended 30 September	
	Note	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Revenue	*4(a)*	49,793,352	55,728,476	41,310,038	41,134,727
Cost of sales		(44,251,367)	(47,671,536)	(35,698,560)	(34,723,739)
Gross profit		5,541,985	8,056,940	5,611,478	6,410,988
Other income	*5*	121,150	149,695	104,633	146,446
Selling and marketing expenses		(432,763)	(437,151)	(287,847)	(398,264)
Administrative expenses		(2,572,252)	(2,921,968)	(2,120,237)	(2,096,551)
Research and development costs		(2,138,848)	(2,541,498)	(1,743,907)	(1,771,610)
Impairment reversal/(losses) on trade and other receivables		15,762	(35,991)	(25,253)	(16,336)
Other net gains	*6(c)*	309,229	230,393	177,386	38,631
Profit from operations		844,263	2,500,420	1,716,253	2,313,304
Finance costs	*6(a)*	(477,528)	(889,772)	(653,726)	(630,455)
Share of profits of equity-accounted investees, net of tax		113,083	151,633	113,315	89,134
Profit before taxation		479,818	1,762,281	1,175,842	1,771,983
Income tax	*7(a)*	(246,557)	(522,189)	(306,028)	(509,078)
Profit for the year/period		233,261	1,240,092	869,814	1,262,905
Attributable to:					
Equity shareholders of the Company		394,184	1,083,191	778,720	941,500
Non-controlling interests		(160,923)	156,901	91,094	321,405
Profit for the year/period		233,261	1,240,092	869,814	1,262,905
Earnings per share					
Basic (RMB)	*10(a)*	0.29	0.78	0.56	0.67
Diluted (RMB)	*10(b)*	0.29	0.78	0.56	0.67

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Years ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Profit for the year/period		233,261	1,240,092	869,814	1,262,905
Item that will not be reclassified to profit or loss:					
Remeasurement of net defined benefit liability		344,167	(44,656)	28,768	20,576
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of equity-accounted investees		16,254	32,126	17,158	(34,224)
Exchange differences on translation of financial statements in foreign companies		388,302	194,051	117,350	(551,190)
Cash flow hedges – net movement in the hedging reserve		190,694	(120,454)	(16,206)	(128,081)
Other comprehensive loss for the year/period, net of tax		939,417	61,067	147,070	(692,919)
Total comprehensive income for the year/period		1,172,678	1,301,159	1,016,884	569,986
Attributable to:					
Equity shareholders of the Company		1,049,423	1,103,552	1,000,075	488,771
Non-controlling interests		123,255	197,607	16,809	81,215
Total comprehensive income for the year/period		1,172,678	1,301,159	1,016,884	569,986

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 September
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Non-current assets				
Property, plant and equipment	*11*	13,356,202	13,814,128	13,693,863
Right-of-use assets	*13*	1,189,408	1,143,990	1,269,716
Intangible assets	*12*	3,941,526	4,207,511	4,407,877
Interests in associates	*14*	1,977,502	2,185,497	2,457,446
Interest in joint venture	*14*	109,797	109,817	109,817
Goodwill	*15*	5,421,070	5,547,002	5,493,692
Prepayments and other assets	*22*	823,164	1,682,305	1,804,628
Trade and other receivables	*21*	377,688	355,473	313,251
Financial assets measured at fair value through profit or loss ("FVPL")	*17*	707,483	213,590	231,843
Derivative financial instruments	*18*	189,820	79,168	35,942
Deferred tax assets	*29*	1,042,547	1,185,982	1,121,534
		29,136,207	30,524,463	30,939,609
Current assets				
Derivative financial instruments	*18*	81,776	104,103	57,935
Inventories	*19*	7,436,464	7,836,849	8,616,290
Trade and other receivables	*21*	10,133,224	11,068,868	10,734,687
Prepayments and other assets	*22*	1,453,691	1,895,533	1,763,230
Financial assets measured at FVPL	*17*	465,786	280,724	120,865
Restricted bank deposits	*23(a)*	1,559,425	922,792	489,035
Cash and cash equivalents	*23(a)*	3,845,521	4,253,516	6,482,339
		24,975,887	26,362,385	28,264,381
Current liabilities				
Loans and borrowings	*24*	6,969,046	7,638,528	8,735,604
Derivative financial instruments	*18*	339	3,671	15,924
Trade and other payables	*26*	12,404,293	13,542,303	13,524,958
Contract liabilities	*20*	681,942	658,424	793,628
Lease liabilities	*27*	128,506	133,189	172,687
Current taxation	*29*	229,778	265,327	239,606
Provisions	*31*	461,310	389,166	338,032
		20,875,214	22,630,608	23,820,439
Net current assets		4,100,673	3,731,777	4,443,942
Total assets less current liabilities		33,236,880	34,256,240	35,383,551

		As at 31 December		As at 30 September
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Non-current liabilities				
Loans and borrowings	*24*	12,467,739	11,960,008	13,713,466
Defined benefit plan obligations	*25*	1,097,687	1,210,280	1,191,122
Trade and other payables	*26*	519,583	522,734	442,694
Lease liabilities	*27*	651,639	619,135	657,353
Deferred income	*30*	102,952	101,280	126,852
Provisions	*31*	328,567	284,310	237,867
Deferred tax liabilities	*29*	365,035	432,121	403,427
		15,533,202	15,129,868	16,772,781
Net assets		17,703,678	19,126,372	18,610,770
CAPITAL AND RESERVES				
Share capital	*32(c)*	1,368,085	1,408,702	1,408,702
Reserves		10,884,815	12,170,332	12,136,278
Total equity attributable to equity shareholders of the Company		12,252,900	13,579,034	13,544,980
Non-controlling interests		5,450,778	5,547,338	5,065,790
TOTAL EQUITY		17,703,678	19,126,372	18,610,770

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December		As at 30 September
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Non-current assets				
Property, plant and equipment	*11*	664,214	642,580	635,204
Right-of-use assets		383	251	153
Intangible assets		194,248	188,866	184,973
Interests in associates	*14*	395,996	744,438	981,148
Investments in subsidiaries	*16*	13,807,675	13,906,938	12,963,412
Trade and other receivables	*21*	4,113	304,268	26
Financial assets measured at FVPL	*17*	562,210	–	–
Deferred tax assets		60,618	48,282	40,010
		15,689,457	15,835,623	14,804,926
Current assets				
Derivative financial instruments		4,507	12,298	–
Trade and other receivables	*21*	2,756,053	3,490,446	3,888,950
Prepayments and other assets		32,945	22,128	22,602
Financial assets measured at FVPL	*17*	465,786	280,724	120,865
Restricted bank deposits	*23(a)*	285,263	116,634	–
Cash and cash equivalents	*23(a)*	1,143,646	1,422,158	2,847,015
		4,688,200	5,344,388	6,879,432
Current liabilities				
Loans and borrowings	*24*	3,876,879	3,720,318	3,273,093
Trade and other payables	*26*	172,833	161,929	246,940
		4,049,712	3,882,247	3,520,033
Net current assets		638,488	1,462,141	3,359,399
Non-current liabilities				
Loans and borrowings		2,921,466	3,262,627	4,482,111
Trade and other payables	*26*	1,280	3,004	5,169
		2,922,746	3,265,631	4,487,280
Net assets		13,405,199	14,032,133	13,677,045
CAPITAL AND RESERVES				
Share capital	*32(c)*	1,368,085	1,408,702	1,408,702
Reserves		12,037,114	12,623,431	12,268,343
TOTAL EQUITY		13,405,199	14,032,133	13,677,045

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity shareholders of the Company									
		Share capital	**Treasury shares**	**Share premium**	**PRC statutory reserves**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
		RMB'000 *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 32)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022		1,368,085	(225,264)	11,769,229	134,467	30,135	(2,226,604)	523,227	11,373,275	5,481,443	16,854,718
Profit for the year		–	–	–	–	–	–	394,184	394,184	(160,923)	233,261
Other comprehensive income		–	–	–	–	–	655,239	–	655,239	284,178	939,417
Total comprehensive income		–	–	–	–	–	655,239	394,184	1,049,423	123,255	1,172,678
Transactions with non-controlling interests		–	–	–	–	–	(208,151)	–	(208,151)	(141,230)	(349,381)
Equity-setted share-based transaction		–	–	–	–	38,353	–	–	38,353	370	38,723
Appropriation to statutory reserves		–	–	–	16,099	–	–	(16,099)	–	–	–
Profit distribution		–	–	–	–	–	–	–	–	(13,060)	(13,060)
Balance at 31 December 2022		1,368,085	(225,264)	11,769,229	150,566	68,488	(1,779,516)	901,312	12,252,900	5,450,778	17,703,678

	Note	Attributable to equity shareholders of the Company									
		Share capital	**Treasury shares**	**Share premium**	**PRC statutory reserves**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 32)	*(Note 32)*	*(Note 32)*	*(Note 32)*	*(Note 32)*	*(Note 32)*				
Balance at 1 January 2023		1,368,085	(225,264)	11,769,229	150,566	68,488	(1,779,516)	901,312	12,252,900	5,450,778	17,703,678
Profit for the year		–	–	–	–	–	–	1,083,191	1,083,191	156,901	1,240,092
Other comprehensive income		–	–	–	–	–	20,361	–	20,361	40,706	61,067
Total comprehensive income		–	–	–	–	–	20,361	1,083,191	1,103,552	197,607	1,301,159
Issue of ordinary shares		40,617	–	314,355	–	–	–	–	354,972	–	354,972
Transactions with non-controlling interests		–	–	–	–	–	(29,679)	–	(29,679)	(92,511)	(122,190)
Equity-setted share-based transaction		–	–	–	–	33,900	–	–	33,900	5,138	39,038
Appropriation to statutory reserves		–	–	–	38,537	–	–	(38,537)	–	–	–
Others		–	–	–	–	–	199	–	199	–	199
Profit distribution		–	–	–	–	–	–	(136,810)	(136,810)	(13,674)	(150,484)
Balance at 31 December 2023		1,408,702	(225,264)	12,083,584	189,103	102,388	(1,788,635)	1,809,156	13,579,034	5,547,338	19,126,372

		Attributable to equity shareholders of the Company									
	Note	Share capital	Treasury shares	Share premium	PRC statutory reserves	Share-based payment reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
		RMB'000 (*Note 32*)	*RMB'000* (*Note 32*)	*RMB'000* (*Note 32*)	*RMB'000* (*Note 32*)	*RMB'000* (*Note 32*)	*RMB'000* (*Note 32*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)											
Balance at 1 January 2023		1,368,085	(225,264)	11,769,229	150,566	68,488	(1,779,516)	901,312	12,252,900	5,450,778	17,703,678
Profit for the period		–	–	–	–	–	–	778,720	778,720	91,094	869,814
Other comprehensive income		–	–	–	–	–	221,355	–	221,355	(74,285)	147,070
Total comprehensive income		–	–	–	–	–	221,355	778,720	1,000,075	16,809	1,016,884
Issue of ordinary shares		40,617	–	314,355	–	–	–	–	354,972	–	354,972
Equity-setted share-based transaction		–	–	–	–	33,469	–	–	33,469	3,093	36,562
Profit distribution		–	–	–	–	–	–	(136,808)	(136,808)	–	(136,808)
Balance at 30 September 2023		1,408,702	(225,264)	12,083,584	150,566	101,957	(1,558,161)	1,543,224	13,504,608	5,470,680	18,975,288

	Note	Attributable to equity shareholders of the Company									
		Share capital	**Treasury shares**	**Share premium**	**PRC statutory reserves**	**Share-based payment reserve**	**Other reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 32)	*(Note 32)*	*(Note 32)*	*(Note 32)*	*(Note 32)*	*(Note 32)*				
(unaudited)											
Balance at 1 January 2024		1,408,702	(225,264)	12,083,584	189,103	102,388	(1,788,635)	1,809,156	13,579,034	5,547,338	19,126,372
Profit for the period		–	–	–	–	–	–	941,500	941,500	321,405	1,262,905
Other comprehensive income		–	–	–	–	–	(452,729)	–	(452,729)	(240,190)	(692,919)
Total comprehensive income		–	–	–	–	–	(452,729)	941,500	488,771	81,215	569,986
Repurchase of ordinary shares		–	(194,110)	–	–	–	–	–	(194,110)	–	(194,110)
Transactions with non-controlling interests		–	–	–	–	–	16,245	–	16,245	(561,863)	(545,618)
Equity-setted share-based transaction		–	–	–	–	18,892	–	–	18,892	3,337	22,229
Others		–	–	–	–	–	1,695	–	1,695	–	1,695
Profit distribution		–	–	–	–	–	–	(365,547)	(365,547)	(4,237)	(369,784)
Balance at 30 September 2024		1,408,702	(419,374)	12,083,584	189,103	121,280	(2,223,424)	2,385,109	13,544,980	5,065,790	18,610,770

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 December		Nine months ended 30 September	
	Note	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000* (*unaudited*)
Operating activities					
Cash generated from operations	*23(b)*	2,601,283	4,420,319	3,310,405	3,530,492
Income tax paid		(431,463)	(491,303)	(554,674)	(480,051)
Net cash generated from operating activities		2,169,820	3,929,016	2,755,731	3,050,441
Investing activities					
Payment for purchases of property, plant and equipment, intangible assets and right-of-use assets		(3,303,932)	(3,770,427)	(2,865,197)	(2,345,683)
Proceeds from disposal of property, plant and equipment, and right-of-use assets		101,443	630,704	30,965	251,817
Prepaid earnest money deposit for equity investment		–	(304,268)	–	(469,706)
Returned earnest money deposit for equity investment		–	–	–	773,974
Net proceeds from disposal of subsidiaries and other business units		200,000	810,000	606,000	340,000
Net proceeds from acquisition of associates and other business units		(192,372)	(539,366)	(502,614)	(218,843)
Payment for purchase of financial assets measured at FVPL		(1,215,010)	(844,000)	(626,396)	(35,381)
Proceeds from disposal of financial assets measured at FVPL		1,680,960	1,047,351	890,000	193,731
Dividends received from associates		30,803	–	–	28,665
Loan principal received from associates		–	101,600	101,600	–
Interest received and others		23,263	40,236	25,812	3,112
Net cash used in investing activities		(2,674,845)	(2,828,170)	(2,339,830)	(1,478,314)

		Years ended 31 December		Nine months ended 30 September	
	Note	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Financing activities					
Proceeds from bank loans		5,709,959	8,413,356	6,779,082	11,960,943
Repayment of bank loans		(5,664,902)	(8,727,177)	(6,465,530)	(9,500,172)
Payment of capital element and interest element of lease liabilities		(189,373)	(218,113)	(164,352)	(154,329)
Interest of bank loans paid		(762,930)	(904,021)	(892,647)	(896,693)
Proceeds from non-public issuance of ordinary shares		–	354,973	354,973	–
Contribution from minority shareholders		891,667	–	–	–
Payment for the purchase of minority interests in subsidiaries		(301,915)	(106,800)	(72,670)	(2,047,502)
Proceeds from partial disposal of shares in subsidiaries		–	–	–	1,475,000
Dividends paid to equity shareholders of the Company		(13,060)	(149,582)	(136,808)	(388,828)
Payment for repurchase of shares		–	–	–	(194,110)
Net change in restricted cash		137,220	636,707	154,098	434,757
Other cash flows arising from financing activities		(37,611)	(25,395)	(12,752)	(12,473)
Net cash (used in)/generated from financing activities		(230,945)	(726,052)	(456,606)	676,593
Net (decrease)/increase in cash and cash equivalents		(735,970)	374,794	(40,705)	2,248,720
Cash and cash equivalents at the beginning of the year/period		4,549,246	3,845,521	3,845,521	4,253,516
Effect of foreign exchange rate changes		32,245	33,201	(60,107)	(19,897)
Cash and cash equivalents at the end of the year/period		3,845,521	4,253,516	3,744,709	6,482,339

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

In 2004, Ningbo Joyson Electronic Co., Ltd. (changed to current name in February 2014, hereinafter referred to as "Joyson Electronics" or "the Company") started automotive components business and since then operated under Joyson Group.

As at April 2011, Liaoyuan Deheng, the predecessor of the Company, entered into an agreement for assets purchase by share issue with, among others, Joyson Group, pursuant to which Liaoyuan Deheng agreed to acquire a controlling stake in the operating entities of the Company's business at the time from Joyson Group and other selling shareholders. In December 2011, as approved by China Securities Regulatory Commission (the "CSRC"), the transaction was completed. As a result, the operating entities were consolidated under the Company and the Company became listed on the Shanghai Stock Exchange.

As at 14 December 2012, the Company completed the transaction of acquiring 74.90% equity of Preh Holding GmbH and 5.10% equity of Preh GmbH through issuing shares to Joyson Group and acquiring 25.10% equity of Preh Holding GmbH from DB AGFund IV GmbH & Co. KG and other shareholders through cash payment, after which the Company held 100% equity of Preh Holding GmbH and 5.10% equity of Preh GmbH.

As at 27 January 2015, the Company completed the acquisition of 75% equity of Quin GmbH by funds raised through non-public offering of shares, and as at 12 April 2018, the Company completed the acquisition of 25% equity of Quin GmbH though its wholly-owned subsidiary Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. (寧波均勝羣英汽車系統股份有限公司) (hereinafter referred to as "JoysonQuin"), after which the Company held 100% equity of Quin GmbH.

As at 29 April 2016 and 2 June 2016, the Company completed the acquisition of the automobile information segment of TechniSat Digital GmbH and the mergers of KSS Holdings, Inc. through its wholly-owned subsidiary respectively.

As at 12 April 2018, the Company completed the acquisition of the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business (hereinafter referred to as "Takata related business") through its wholly-owned subsidiary, KSS Holdings, Inc. (subsequently known as Joyson Auto Safety Holdings S.A.).

As at 31 December 2020, Guangdong Senssun Weighing Apparatus Group Ltd. (廣東香山衡器集團股份有限公司) (hereinafter referred to as "Senssun") completed the acquisition of 51% equity of JoysonQuin from the Company.

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in R&D, manufacturing and sales of automotive components, including Human Machine Interface products, Telematics, Automative Safety Systems, and Electronics Products of New Energy Vehicle, etc.. The Group mainly carried out it's business in China, the United States, Japan, Germany, Mexico, Italy, Romania, Portugal, Poland, Brasil and India.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by 畢馬威華振會計師事務所 (特殊普通合夥) KPMG Huazhen LLP. Information about the statutory financial statements of the subsidiaries within the Group are set out in Note 16.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standard Board ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2024 are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Interim Financial Information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVPL, the financial assets measured at FVOCI and derivative financial instruments and are stated at their fair value as explained in Note 2(f).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss as an allocation of the total profit or loss for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(l)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(f)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sales).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(v)(ii).

(g) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see Note 2(h)).

(h) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges). Some borrowings are designated as hedges of the foreign exchange risk of a net investment in a foreign operation.

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

(ii) Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the borrowings is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(iii) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(l)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(l)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property (self-owned land excluded), plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Self-owned land is not depreciated

– Buildings and building improvement: 10 to 50 years

– Machinery and equipment: 5 to 15 years

– Motor vehicles: 2 to 20 years

– Other equipment: 5 years

– Leasehold improvements: shorter of 10 years or life of lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(r)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(l)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Amortisation period (years)	Basis of determination	Depreciation method
Land-use right	40-50 years	Duration of title registration	Straight-line method
Software and patents	5-10 years	Expected years of economic benefits	Straight-line method
Non-patents	5-12 years	Expected years of economic benefits	Straight-line method
Capitalised development costs	5 years	Expected years of economic benefits	Straight-line method
Customer relationship and platform	12 years	Expected years of economic benefits	Straight-line method
Trademarks	20 years	Expected years of economic benefits	Straight-line method
Franchise, industrial property right	5 years	Expected years of economic benefits	Straight-line method

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(k) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(l)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates).

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(v)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– intangible assets;

– Right-of-use assets;

– goodwill;

– Interests in associates and joint ventures; and

– investment in subsidiaries

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Inventories

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(v)(i).

(ii) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(m)(i)), property, plant and equipment (see Note 2(i)) or intangible assets (see Note 2(j)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(v).

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(o)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(v)).

(o) Trade and other receivables

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including allowance for credit losses (see Note 2(l)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(l)(i).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of "cost of sales", "Selling and marketing expenses" or "administrative expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(iii) Share-based payments

If a share-based payment transaction involves a shareholder or a person under effective control of the Group, and if the service recipient does not have settlement obligations or grants its own equity instruments to its employees, the share-based payment transaction is treated as equity-settled share-based payment.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either; or

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 2(u)(i).

Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 2(u)(i).

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of products

(a) Sale of automotive components

Revenue is recognised when the Group transfers the control over automotive components to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

(b) Rendering of research and development services

Sale of R&D means the right of the Group to collect consideration for contractual and independently identifiable performance obligations relating to R&D services. Revenue is recognised when the customer passes the acceptance and the development results are submitted.

(c) Sale of tooling

Before the mass production, the Group sometimes carries out tooling development activities for customers. Revenue of tooling is recognised when the Group transfers the control over tooling to customers, obtains the verification report and the consent of mass production of relevant products from customers/satisfies the performance obligation in the contract.

(ii) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(l)(i)).

(iv) Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants related to assets shall be recognized as deferred income in the balance sheet and recorded in other income or non-operating income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be recorded in other income or non-operating income in the period in which the relevant expenses or losses are recognized; other government grants shall be recorded in other income or non-operating income directly.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income (see Note 2(h)(ii)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into the reporting currency at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired, are translated into the reporting currency at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

In the event of disposal of part of equity investment or other reasons that reduce the proportion of overseas business interests, but not lose control over the overseas operation, the foreign currency translation differences related to the disposal of foreign operations shall be vested in minority interests and not transferred to the current profits and losses. When the overseas operation is part of the equity interest in the joint venture or joint venture, the foreign currency translation difference related to the overseas operation shall be transferred to the profit or loss of the current period according to the proportion of disposal of the overseas operation.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Except for accounting estimates relating to depreciation and amortisation of assets such as property, plant and equipment and intangible assets, provision for impairment of various types of assets and employee benefits. Other significant accounting estimates are as follows:

(i) Useful life of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses, tax credit carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in the future years.

(iii) Determining the lease term

As explained in policy Note 2(k), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Sources of estimation uncertainty

Notes 4, 15, 19, 21, 25, and 31 contain information about the assumptions and their risk factors relating to estimate of the outcome of contract under serial production, valuation of goodwill impairment, net realizable value of inventories, credit loss of trade receivables and contract assets, defined benefit retirement obligations, fair value of assets acquired and liabilities assumed through business combination and estimated outcome in respective of provisions.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

As the world's top supplier of automotive electronics systems and automotive safety systems, the Group provides one-stop solutions in key technology areas of intelligent electric vehicles to global OEMs. Further details regarding the Group's performance obligations are disclosed in Note 2(v).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers within the scope of IFRS 15:				
Disaggregated by major products or service lines				
– Sale of automotive components	48,059,005	54,097,789	40,310,812	39,406,909
– Rendering of research and development services	1,052,282	1,131,323	657,501	1,035,712
– Sale of tooling	654,660	450,695	305,829	661,894
Revenue from other sources				
– Rentals	12,210	15,116	11,001	12,172
– Others	15,195	33,553	24,895	18,040
	49,793,352	55,728,476	41,310,038	41,134,727

Disaggregation of revenue by the Group's business and by geographic markets is disclosed in Note 4(b)(ii) and 4(b)(iii).

The Group's customer base is diversified and includes one, one, one (unaudited) and one (unaudited) customer contributing over 10% of total revenue of the Group for the years ended 31 December 2022 and 2023 and for the nine months ended 30 September 2023 and 2024.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

For contracts as defined in IFRS 15 with a term less than one year, the practical expedient under IFRS 15.121(a) is applied and no amounts are shown.

(iii) Contract balances

	Note	**31 December 2022**	**31 December 2023**	**30 September 2024**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*
Trade and bills receivables	*21*	8,278,635	8,708,806	8,582,087
Contract liabilities	*20*	681,942	658,424	793,628

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days from invoice date. As of 31 December 2022, 31 December 2023 and 30 September 2024, RMB135,431,000, RMB154,717,000 and RMB146,388,000 (unaudited) was recognised as provision for expected credit losses on trade and other receivables.

Contract liabilities primarily relate to the advance consideration received from customers for customized products. This will be recognised as revenue when the products are delivered and accepted by the customers, which is expected to occur upcoming 12 months.

(b) Segment Reporting

The Group manages its businesses by geographic regions. The Group designs, manufactures and sells its products and services through two divisions: Automotive safety systems and Automotive electronics systems. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group presented accordingly the three reportable segments, which were unchanged through out the track record period. No operating segments have been aggregated to form the reportable segments.

The Group's business is divided into: automotive electronics and automotive safety and other segments. The automotive electronics business mainly includes automotive intelligence solutions, e-mobility and HMI, etc. The automotive safety business mainly includes seatbelts, airbags, intelligent steering wheels and integrated safety solutions related products. The others segment includes the Company and its subsidiaries other than those included in automotive electronics segment and automotive safety segment.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include loans and borrowings managed directly, trade and other payables attributable to the manufacturing and sales activities of the individual segments and trade and provisions for automotive product warranties.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of automotive product, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

(ii) Disaggregation of revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2023 are set out below

	Year ended 31 December 2022				
	Automotive safety systems	**Automotive electronics systems**	**Others**	**Elimination among segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	33,412,495	15,365,351	1,015,506	–	49,793,352
Inter-segment revenue	115,599	540,694	252,909	(909,202)	–
Reportable segment revenue	33,528,094	15,906,045	1,268,415	(909,202)	49,793,352
Reportable segment (loss)/profit before taxation	(247,577)	815,031	122,921	(210,557)	479,818
Interest income	50,916	6,688	85,954	(48,556)	95,002
Interest expenses	(573,520)	(94,566)	(312,584)	48,556	(932,114)
Depreciation and amortisation for the year	(1,542,587)	(1,195,030)	(149,877)	–	(2,887,494)
Reportable segment assets	32,712,120	14,386,430	23,639,644	(16,626,100)	54,112,094
Long-term equity investments in associates and joint ventures	121,490	5,274	1,960,535	–	2,087,299
Additions to non-current segment assets during the year (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	1,277,416	900,593	94,044	–	2,272,053
Reportable segment liabilities	22,601,660	7,297,490	8,692,906	(2,183,640)	36,408,416

	Year ended 31 December 2023				
	Automotive safety systems	Automotive electronics systems	Others	Elimination among segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	37,467,221	17,151,637	1,109,618	–	55,728,476
Inter-segment revenue	8,603	607,724	291,092	(907,419)	–
Reportable segment revenue	37,475,824	17,759,361	1,400,710	(907,419)	55,728,476
Reportable segment profit/(loss) before taxation	535,149	1,028,833	496,055	(297,756)	1,762,281
Interest income	34,788	10,606	90,183	(59,985)	75,592
Interest expenses	(653,167)	(186,434)	(341,287)	59,985	(1,120,903)
Depreciation and amortisation for the year	(1,487,167)	(1,321,900)	(95,836)	–	(2,904,903)
Reportable segment assets	33,563,005	15,985,178	24,467,148	(17,128,483)	56,886,848
Long-term equity investments in associates and joint ventures	121,617	5,584	2,168,113	–	2,295,314
Additions to non-current segment assets during the year (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	1,292,357	771,995	175,813	–	2,240,165
Reportable segment liabilities	23,337,507	8,045,015	8,775,757	(2,397,803)	37,760,476

Segment information for the nine months ended 30 September 2023 and 2024 are set out below:

	Nine months ended 30 September 2023				
	Automotive safety systems	Automotive electronics systems	Others	Elimination among segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)					
Revenue from external customers	27,880,703	12,600,648	828,687	–	41,310,038
Inter-segment revenue	3,359	476,606	191,790	(671,755)	–
Reportable segment revenue	27,884,062	13,077,254	1,020,477	(671,755)	41,310,038
Reportable segment profit/(loss) before taxation	314,889	685,046	496,851	(320,944)	1,175,842
Interest income	83,717	7,451	69,500	(86,096)	74,572
Interest expense	(564,651)	(140,947)	(245,069)	86,096	(864,571)
Depreciation and amortisation for the period	(1,466,062)	(979,817)	(67,263)	–	(2,513,142)
Reportable segment assets	33,241,522	15,744,336	25,082,057	(17,713,219)	56,354,696

	Nine months ended 30 September 2023				
	Automotive safety systems	Automotive electronics systems	Others	Elimination among segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)					
Long-term equity investments in associates and joint ventures	121,158	5,389	2,254,539	–	2,381,086
Additions to non-current segment assets during the period (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	1,328,304	497,761	142,821	–	1,968,886
Reportable segment liabilities	23,162,332	8,160,914	10,202,560	(4,146,398)	37,379,408

	Nine months ended 30 September 2024				
	Automotive safety systems	Automotive electronic systems	Others	Elimination among segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)					
Revenue from external customers	27,664,759	12,717,212	752,756	–	41,134,727
Inter-segment revenue	6,904	501,124	236,841	(744,869)	–
Reportable segment revenue	27,671,663	13,218,336	989,597	(744,869)	41,134,727
Reportable segment profit/(loss) before taxation	807,258	737,789	269,714	(42,778)	1,771,983
Interest income	10,876	27,865	83,237	(48,835)	73,143
Interest expense	(452,074)	(218,952)	(241,896)	48,835	(864,087)
Depreciation and amortisation for the period	(1,266,010)	(930,990)	(75,058)	–	(2,272,058)
Reportable segment assets	34,097,846	17,595,388	24,605,678	(17,094,922)	59,203,990
Long-term equity investments in associates and joint ventures	123,270	5,561	2,438,432	–	2,567,263
Additions to non-current segment assets during the period (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	1,016,568	748,069	285,626	–	2,050,263
Reportable segment liabilities	25,840,601	9,513,567	8,567,188	(3,328,136)	40,593,220

(iii) Geographic information

The following table sets information about (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and right-of-use assets specific non-current assets. The revenue is generated from China and overseas markets, such as North America, Europe, and Asia during the Track Record Period. Location of specific non-current assets depend on the actual location of the property. As for trademark rights, proprietary technology and goodwill, the Group will use them both inside and outside China, the regional data of these assets are not listed.

	Years ended 31 December	
	2022	2023
	RMB'000	*RMB'000*
Revenue by location of the customers		
– China	11,686,912	13,232,954
– Overseas	38,106,440	42,495,522
Total	49,793,352	55,728,476

	Nine months ended 30 September	
	2023	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue by location of the customers		
– China	9,248,583	9,781,045
– Overseas	32,061,455	31,353,682
Total	41,310,038	41,134,727

	As at 31 December	
	2022	2023
	RMB'000	*RMB'000*
Specific non-current assets		
– China	4,474,189	4,932,582
– Overseas	10,071,421	10,025,536
Total	14,545,610	14,958,118

	As at 30 September	
	2023	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Specific non-current assets		
– China	4,929,581	5,319,876
– Overseas	9,715,675	9,643,703
Total	14,645,256	14,963,579

5 OTHER INCOME

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Government grants	121,150	149,695	104,633	146,446

Note:

Government grants mainly represent operating subsidies and amortization of government grants for capital expenditure including development and construction of property, plant and equipment or land use right. Conditions related to the grants, i.e. job creation, realization of sales, completion of certain tax payments have been fulfilled.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
(a) Finance costs				
Interest on loans and borrowings	919,334	1,131,004	864,020	866,887
Less: capitalized interest expense	(26,451)	(51,982)	(30,456)	(29,646)
Interest on lease liabilities	39,231	41,881	31,007	26,846
Interest income	(95,002)	(75,592)	(74,572)	(73,143)
Net exchange gains	(381,906)	(179,630)	(153,711)	(175,162)
Others	22,322	24,091	17,438	14,673
Total finance cost	477,528	889,772	653,726	630,455

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
(b) Staff costs (including directors' emoluments)				
Contributions to defined contributions plan *(i)*	168,913	184,538	103,005	119,486
Expenses recognised in respect of defined benefit plans *(Note 25)*	32,761	34,529	14,449	26,147
Equity-settled share-based payment expenses *(Note 28)*	38,353	33,900	33,469	18,892
Salaries, wages and other benefits	8,537,925	9,801,907	7,109,332	7,695,178
Total staff costs	8,777,952	10,054,874	7,260,255	7,859,703

Note:

(i) Employees of the Group are required to participate in a defined contributions plan administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
(c) Other net (losses)/gain				
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(1,756)	12,413	5,003	7,267
Net fair value changes of financial assets measured at FVPL	113,168	188,450	141,618	28,888
Disposal of long-term equity investments	–	21,999	23,643	2,596
Donations	(2,509)	(1,748)	(1,347)	(742)
Others	200,326	9,279	8,469	622
Other net gain	309,229	230,393	177,386	38,631

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
(d) Expense by nature				
Cost of inventories *(ii)*	42,149,919	45,948,222	34,285,732	33,435,419
Advertising and promotion expenses	845,170	789,473	435,569	398,264
Depreciation of property, plant and equipment	1,658,412	1,650,882	1,590,449	1,301,752
Depreciation of right-of-use assets	180,505	177,404	126,423	231,164
Amortisation of intangible assets	1,048,577	1,076,617	796,270	739,142
Restructuring expenses	233,102	239,672	193,410	94,957
Product warranty costs	412,407	352,322	147,721	199,950
Write-down of inventories	44,721	99,529	14,649	113,200

(ii) Cost of inventories includes staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current tax				
Provision for the year/period	391,365	526,852	426,122	454,330
Changes in estimates related to prior years/periods	(322)	5,521	(2,838)	3,338
Deferred tax				
Origination and reversal of temporary differences *(Note 29)*	(144,486)	(10,184)	(117,256)	51,410
	246,557	522,189	306,028	509,078

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December		Nine months ended 30 September	
	2022	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Profit before taxation	479,818	1,762,281	1,175,842	1,771,983
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	119,954	440,570	293,960	442,996
Effect of tax concessions	(98,825)	(135,181)	(96,949)	(157,259)
Changes in estimates related to prior years/periods	(322)	5,521	(2,838)	3,338
Tax effect of non-taxable income	(34,951)	(12,620)	(8,229)	(8,965)
Tax effect of non-deductible expenses	36,182	59,579	20,673	29,198
Tax effect of tax losses or temporary differences not recognised as deferred tax assets	307,076	224,599	125,854	189,233
Super deduction for research and development expenditure	(114,057)	(119,268)	(56,724)	(45,562)
Withholding income tax	12,295	37,127	30,281	61,847
Others	19,205	21,862	–	(5,748)
Actual tax expense	246,557	522,189	306,028	509,078

Notes:

(i) According to the Corporate Income Tax Law of China (the "Tax Law"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.

(ii) Taxation of subsidiaries in are charged at the prevailing rates of respectively in the relevant countries and are calculated on a stand-alone basis.

(iii) The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two income tax are levied on certain subsidiaries under the local new tax laws which introduced a domestic minimum top-up tax effective from 1 January 2024.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. This new tax policy did not have a material impact on the interim financial report of the Group for the nine months ended 30 September 2024.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and Supervisors' emoluments as recorded in the financial statements are set out below:

	Year ended 31 December 2022				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Equity-settled share-based payment (xiv)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Wang Jianfeng *(xiii)*	–	957	–	2,498	3,455
Ms. Li Junyu	–	1,984	2,035	3,358	7,377
Mr. Yu Kai *(ii)*	–	463	86	–	549
Mr. Chen Wei	–	3,154	–	1,632	4,786
Mr. Liu Yuan *(i)*	–	2,218	2,456	3,918	8,592
Non-executive directors					
Mr. Zhu Xuesong *(xiii)*	–	–	–	–	–
Mr. Fan Jinhong *(xiii)*	–	–	–	–	–
Independent non-executive directors					
Mr. Zhu Tian	120	–	–	–	120
Ms. Wei Yunzhu	120	–	–	–	120
Mr. Wei Xuezhe	120	–	–	–	120
Supervisors					
Ms. Weng Chunyan	–	675	840	–	1,515
Mr. Wang Xiaowei *(xiii)*	–	–	–	–	–
Mr. Zhou Xingyou *(xiii)*	–	–	–	–	–
Total	360	9,451	5,417	11,406	26,634

	Year ended 31 December 2023				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Equity-settled share-based payment (xiv)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Wang Jianfeng *(iii) (xiii)*	–	3,857	643	3,041	7,541
Ms. Li Junyu	–	1,984	3,035	4,447	9,466
Mr. Chen Wei	–	6,429	1,973	1,632	10,034
Mr. Liu Yuan	–	2,400	2,518	6,389	11,307
Mr. Cai Zhengxin *(iv)*	–	2,988	2,540	1,632	7,160
Non-executive directors					
Mr. Zhu Xuesong *(xiii)*	–	–	–	–	–
Mr. Fan Jinhong *(v) (xiii)*	–	–	–	–	–
Independent non-executive directors					
Mr. Wei Xuezhe	120	–	–	–	120
Mr. Lu Guihua *(vi)*	80	–	–	–	80
Mr. Yu Fang *(vi)*	80	–	–	–	80
Ms. Wei Yunzhu *(vii)*	40	–	–	–	40
Mr. Zhu Tian *(vii)*	40	–	–	–	40
Supervisors					
Ms. Weng Chunyan	–	675	504	–	1,179
Mr. Wang Xiaowei *(xiii)*	–	–	–	–	–
Mr. Zhou Xingyou *(xiii)*	–	–	–	–	–
Total	360	18,333	11,213	17,141	47,047

	Nine months ended 30 September 2023				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Equity-settled share-based payment (xiv)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)					
Executive directors					
Mr. Wang Jianfeng *(iii) (xiii)*	–	2,893	482	2,280	5,655
Ms. Li Junyu	–	1,488	2,276	3,336	7,100
Mr. Chen Wei	–	2,216	1,479	1,224	4,919
Mr. Liu Yuan	–	1,800	1,889	4,792	8,481
Mr. Cai Zhengxin *(iv)*	–	1,871	1,270	1,224	4,365
Non-executive directors					
Mr. Zhu Xuesong *(xiii)*	–	–	–	–	–
Mr. Fan Jinhong *(v) (xiii)*	–	–	–	–	–
Independent non-executive directors					
Mr. Wei Xuezhe	90	–	–	–	90
Mr. Lu Guihua *(vi)*	50	–	–	–	50
Mr. Yu Fang *(vi)*	50	–	–	–	50
Ms. Wei Yunzhu *(vii)*	40	–	–	–	40
Mr. Zhu Tian *(vii)*	40	–	–	–	40
Supervisors					
Ms. Weng Chunyan	–	506	378	–	884
Mr. Wang Xiaowei *(xiii)*	–	–	–	–	–
Mr. Zhou Xingyou *(xiii)*	–	–	–	–	–
Total	270	10,774	7,774	12,856	31,674

	Nine months ended 30 September 2024				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Equity-settled share-based payment (xiv)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)					
Executive directors					
Mr. Wang Jianfeng *(xiii)*	–	2,930	488	1,476	4,894
Mr. Chen Wei	–	4,350	3,263	607	8,220
Ms. Li Junyu	–	1,488	2,276	2,204	5,968
Mr. Liu Yuan *(viii)*	–	600	–	–	600
Mr. Cai Zhengxin	–	3,043	1,301	847	5,191
Non-executive directors					
Mr. Zhu Xuesong *(xiii)*	–	–	–	–	–
Mr. Zhou Xingyou *(xii) (xiii)*	–	–	–	–	–
Independent non-executive directors					
Mr. Wei Xuezhe	90	–	–	–	90
Mr. Lu Guihua	90	–	–	–	90
Mr. Yu Fang	90	–	–	–	90
Supervisors					
Mr. Wang Yude *(ix)*	–	500	351	–	851
Mr. Guo Feier *(x)*	–	382	969	–	1,351
Ms. Weng Chunyan *(xi)*	–	169	126	–	295
Mr. Wang Xiaowei *(xi) (xiii)*	–	–	–	–	–
Ms. Dai Shenjun *(ix) (xiii)*	–	–	–	–	–
Total	270	13,462	8,774	5,134	27,640

Notes:

(i) Mr. Liu Yuan was appointed as an executive director of the Company on 4 March 2022.

(ii) Mr. Yu Kai resigned as an executive director of the Company on 2 March 2022.

(iii) Mr. Wang Jianfeng resigned as an executive director of the Company on 20 April 2023.

(iv) Mr. Cai Zhengxin was appointed as an executive director of the Company on 20 April 2023.

(v) Mr. Fan Jinhong resigned as a non-executive director of the Company on 20 April 2023.

(vi) Mr. Lu Guihua and Mr. Yu Fang were appointed as independent non-executive directors of the Company on 20 April 2023.

(vii) Ms. Wei Yunzhu and Mr. Zhu Tian resigned as independent non-executive directors of the Company on 20 April 2023.

(viii) Mr. Liu Yuan resigned as an executive director of the Company on 27 March 2024.

(ix) Mr. Wang Yude and Ms. Dai Shenjun were appointed as supervisors of the Company on 16 May 2024.

(x) Mr. Guo Feier was appointed as a supervisor of the Company on 27 March 2024.

(xi) Ms. Weng Chunyan and Mr. Wang Xiaowei resigned as supervisors of the Company on 27 March 2024.

(xii) Mr. Zhou Xingyou resigned as a supervisor on 27 March 2024 and was appointed as a non-executive director of the Company on 16 May 2024.

(xiii) The emoluments of Mr. Wang Jianfeng, Mr. Zhu Xuesong, Mr. Fan Jinhong, Mr. Zhou Xingyou, Ms. Dai Shenjun and Mr. Wang Xiaowei in relation to his services rendered for the Group were borne by the holding company and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation during the Track Record Period.

(xiv) These represent the estimated value of share options granted to the directors and the chief executive under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(s)(iii), in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share based payment, including the principal terms and number of options granted, are disclosed in Note 28.

(xv) Ms. Liu Jinlin was appointed as a supervisor of the Company after the Track Record Period on 23 December 2024.

(xvi) Ms. Xi Xuanhua will be appointed as an independent non-executive Director upon the [**REDACTED**].

During the Track Record Period, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2023 and 2024, of the five individuals with the highest emoluments 2, 2, 3 (unaudited) and 2 (unaudited) are directors whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the other 3, 3, 2 (unaudited) and 3 (unaudited) individuals are as follows:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Salaries and other emoluments	20,513	21,786	9,331	12,866
Discretionary bonuses	4,281	4,473	3,355	6,129
Retirement scheme contributions	–	7,683	7,683	–
Equity-settled share-based payment	–	–	–	847
	24,794	33,942	20,369	19,842

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Hong Kong Dollar ("HKD")				
5,500,001-6,000,000	1	–	–	–
6,000,001-6,500,000	–	–	–	1
7,500,001-8,000,000	–	–	–	1
8,000,001-8,500,000	–	–	1	1
9,500,001-10,000,000	1	–	–	–
10,500,001-11,000,000	–	1	–	–
12,000,001-12,500,000	–	1	–	–
13,000,001-13,500,000	1	–	–	–
14,000,001-14,500,000	–	1	1	–
	3	3	2	3

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2023 and 2024 as follows:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	*(unaudited)*
Profit attributable to equity shareholders of the Company for the purpose of basic earnings per share (RMB'000)	394,184	1,083,191	778,720	941,500
Effect of Treasury Shares (RMB'000) *(Note 32(d))*	(2,593)	(7,024)	(5,074)	(9,246)
Adjusted profit attributable to equity shareholders of the Company for the purpose of basic earnings per share (RMB'000)	391,591	1,076,167	773,646	932,254
Weighted average number of shares at the end of the year/period	1,359,085	1,379,004	1,372,173	1,394,867
Basic earnings per share (expressed in RMB per share)	0.29	0.78	0.56	0.67

Weighted average number of ordinary shares for the purpose of basic earnings per share:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	*(unaudited)*
Issued ordinary shares at beginning of year/period *(Note 32)*	1,368,085	1,368,085	1,368,085	1,408,702
Effect of ordinary shares issued	–	19,919	13,088	–
Effect of ordinary shares issued under share award scheme *(Note 32(d))*	(9,000)	(9,000)	(9,000)	(13,835)
Weighted average number of ordinary shares at end of year/period	1,359,085	1,379,004	1,372,173	1,394,867

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares after adjusting the effect of dilutive potential ordinary shares in respect of the Company's share award schemes for the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2023 and 2024 as follows:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	*(unaudited)*
Profit attributable to equity shareholders of the Company for the purpose of diluted earnings per share (RMB'000)	391,591	1,076,167	773,646	932,254
Weighted average number of shares at the end of the year/period	1,359,159	1,381,092	1,373,960	1,397,371
Diluted earnings per share (expressed in RMB per share)	0.29	0.78	0.56	0.67

Weighted average number of ordinary shares for the purpose of diluted earnings per share:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	*(unaudited)*
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note 32)*	1,359,085	1,379,004	1,372,173	1,394,867
Effect of dilutive potential ordinary shares in respect of the Company's share award schemes *(Note 32(d))*	75	2,088	1,788	2,504
Weighted average number of ordinary shares at end of year/period	1,359,160	1,381,092	1,373,961	1,397,371

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and land improvements	Buildings and building improvements	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost or valuation:								
At 1 January 2022	1,271,280	4,962,873	9,559,268	35,709	4,758,029	1,834,213	103,701	22,525,073
Additions	43,770	21,509	308,807	1,979	225,176	1,246,470	3,249	1,850,960
Disposals	(7,069)	(15,168)	(270,918)	(3,229)	(291,368)	–	–	(587,752)
Transferred from construction in progress to tangible assets	–	200,052	569,333	192	209,536	(979,113)	–	–
Transferred from construction in progress to intangible assets	–	–	–	–	–	(15,353)	–	(15,353)
Exchange adjustments	48,254	135,329	481,294	1,455	156,238	62,425	(6,691)	878,304
At 31 December 2022 and 1 January 2023	1,356,235	5,304,595	10,647,784	36,106	5,057,611	2,148,642	100,259	24,651,232
Additions	30,594	132,977	387,777	10,239	184,739	1,178,396	14,633	1,939,355
Disposals	(43,965)	(69,527)	(338,066)	(2,613)	(190,930)	–	–	(645,101)
Transferred from construction in progress to tangible assets	–	29,101	379,241	608	238,063	(647,013)	–	–
Transferred from construction in progress to intangible assets	–	–	–	–	–	(1,109)	–	(1,109)
Exchange adjustments	42,907	127,997	289,986	481	134,942	82,167	(11,916)	666,564
At 31 December 2023 and 1 January 2024	1,385,771	5,525,143	11,366,722	44,821	5,424,425	2,761,083	102,976	26,610,941
Additions	17,403	140,846	324,689	7,740	89,959	977,353	16,106	1,574,096
Disposals	(49,119)	(128,385)	(173,677)	(7,911)	(78,483)	–	–	(437,575)
Transferred from construction in progress to tangible assets	–	351,525	513,051	4,331	158,299	(1,027,206)	–	–
Transferred from construction in progress to intangible assets	–	–	–	–	–	(124,729)	–	(124,729)
Exchange adjustments	(22,488)	(16,558)	(81,503)	(472)	(25,183)	555	(9,952)	(155,601)
At 30 September 2024 *(unaudited)*	1,331,567	5,872,571	11,949,282	48,509	5,569,017	2,587,056	109,130	27,467,132

	Land and land improvements	Buildings and building improvements	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:								
At 1 January 2022	–	1,353,427	4,952,165	23,010	3,337,024	–	32,347	9,697,973
Charge for the year	–	189,872	1,024,079	3,879	424,935	–	15,647	1,658,412
Written back on disposals	–	(8,518)	(217,870)	(2,477)	(259,119)	–	–	(487,984)
Impairment provision	–	–	4,435	–	–	–	–	4,435
Exchange adjustments	–	43,955	270,513	951	115,906	–	(9,131)	422,194
At 31 December 2022 and 1 January 2023	–	1,578,736	6,033,322	25,363	3,618,746	–	38,863	11,295,030
Charge for the year	5,677	213,833	966,567	8,734	438,395	–	17,676	1,650,882
Written back on disposals	–	(49,904)	(238,417)	(1,755)	(172,210)	–	–	(462,286)
Impairment provision	–	–	3,631	–	4	–	–	3,635
Exchange adjustments	155	46,425	178,571	398	95,561	–	(11,558)	309,552
At 31 December 2023 and 1 January 2024	5,832	1,789,090	6,943,674	32,740	3,980,496	–	44,981	12,796,813
Charge for the period	–	155,355	854,816	6,091	270,631	–	14,859	1,301,752
Written back on disposals	–	(19,753)	(143,523)	(6,612)	(55,100)	–	–	(224,988)
Impairment provision	–	–	–	–	–	–	–	–
Exchange adjustments	(25)	(12,507)	(60,168)	(279)	(17,685)	–	(9,644)	(100,308)
At 30 September 2024 *(unaudited)*	5,807	1,912,185	7,594,799	31,940	4,178,342	–	50,196	13,773,269
Net book value:								
At 30 September 2024 *(unaudited)*	1,325,760	3,960,386	4,354,483	16,569	1,390,675	2,587,056	58,934	13,693,863
At 31 December 2023	1,379,939	3,736,053	4,423,048	12,081	1,443,929	2,761,083	57,995	13,814,128
At 31 December 2022	1,356,235	3,725,859	4,614,462	10,743	1,438,865	2,148,642	61,396	13,356,202

The Company

	Buildings and building improvements	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost or valuation:					
At 1 January 2022	734,508	2,490	6,891	140	744,029
Additions	–	–	169	456	625
Disposals	–	–	(112)	–	(112)
Transferred from construction in progress to tangible assets	–	–	467	(467)	–
At 31 December 2022 and 1 January 2023	734,508	2,490	7,415	129	744,542
Additions	–	–	762	1,003	1,765
Disposals	–	–	(129)	–	(129)
At 31 December 2023 and 1 January 2024	734,508	2,490	8,048	1,132	746,178
Additions	–	–	193	10,362	10,555
Transferred from construction in progress to tangible assets	9,351	–	16	(9,367)	–
Transferred from construction in progress to intangible assets	–	–	–	(336)	(336)
At 30 September 2024 *(unaudited)*	743,859	2,490	8,257	1,791	756,397
Accumulated depreciation and impairment losses:					
At 1 January 2022	51,043	2,132	3,662	–	56,837
Charge for the year	22,645	110	838	–	23,593
Written back on disposals	–	–	(102)	–	(102)
At 31 December 2022 and 1 January 2023	73,688	2,242	4,398	–	80,328
Charge for the year	22,719	–	667	–	23,386
Written back on disposals	–	–	(116)	–	(116)
At 31 December 2023 and 1 January 2024	96,407	2,242	4,949	–	103,598
Charge for the period	17,154	–	441	–	17,595
At 30 September 2024 *(unaudited)*	113,561	2,242	5,390	–	121,193
Net book value:					
At 30 September 2024 *(unaudited)*	630,298	248	2,867	1,791	635,204
At 31 December 2023	638,101	248	3,099	1,132	642,580
At 31 December 2022	660,820	248	3,017	129	664,214

12 INTANGIBLE ASSETS

	Software and patent right	Capitalised R&D expenditure	Technology	Customer relationship	Trademark	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2022	1,049,700	5,290,470	879,230	315,945	161,854	3,902	7,701,101
Additions	116,045	63,944	–	–	–	7,770	187,759
Addition through internal development	10,804	884,218	–	–	–	–	895,022
Transferred from construction in progress to intangible assets	15,353	–	–	–	–	–	15,353
Disposals	(85,113)	(49,395)	–	–	–	(1,213)	(135,721)
Exchange adjustments	57,980	173,228	14,681	28,529	14,610	524	289,552
At 31 December 2022 and 1 January 2023	1,164,769	6,362,465	893,911	344,474	176,464	10,983	8,953,066
Additions	108,884	42,130	–	–	–	1,385	152,399
Addition through internal development	4,338	1,102,129	–	–	–	–	1,106,467
Transferred from construction in progress to intangible assets	1,109	–	–	–	–	–	1,109
Disposals	(82,422)	(53,067)	–	–	–	(8,617)	(144,106)
Exchange adjustments	56,677	233,488	31,523	5,841	2,992	729	331,250
At 31 December 2023 and 1 January 2024	1,253,355	7,687,145	925,434	350,315	179,456	4,480	10,400,185
Additions	25,159	72,125	–	–	–	986	98,270
Addition through internal development	–	787,000	–	–	–	–	787,000
Transferred from construction in progress to intangible assets	124,393	–	–	–	–	–	124,393
Disposals	(4,291)	(58,351)	–	–	–	(16)	(62,658)
Exchange adjustments	(5,871)	(23,762)	(2,348)	(3,724)	(1,907)	(86)	(37,698)
At 30 September 2024 *(unaudited)*	1,392,745	8,464,157	923,086	346,591	177,549	5,364	11,309,492

	Software and patent right	Capitalised R&D expenditure	Technology	Customer relationship	Trademark	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation and impairment:							
At 1 January 2022	930,378	2,225,072	570,502	152,292	45,378	3,725	3,927,347
Charge for the year	158,202	810,321	35,202	28,954	8,589	7,309	1,048,577
Disposals	(83,689)	(49,395)	–	–	–	(1,213)	(134,297)
Impairment provision	–	107	–	–	–	–	107
Exchange adjustments	38,569	96,429	15,235	14,569	4,319	685	169,806
At 31 December 2022 and 1 January 2023	1,043,460	3,082,534	620,939	195,815	58,286	10,506	5,011,540
Charge for the year	146,055	896,181	–	26,070	7,715	596	1,076,617
Disposals	(72,389)	(44,417)	–	–	–	(8,137)	(124,943)
Impairment provision	–	15,248	–	–	–	–	15,248
Exchange adjustments	40,140	132,139	31,523	7,502	2,243	665	214,212
At 31 December 2023 and 1 January 2024	1,157,266	4,081,685	652,462	229,387	68,244	3,630	6,192,674
Charge for the period	87,302	621,794	–	22,738	6,744	564	739,142
Disposals	(2,749)	(1,578)	–	–	–	–	(4,327)
Impairment provision	–	(11)	–	–	–	–	(11)
Exchange adjustments	(6,903)	(13,024)	(2,348)	(2,729)	(810)	(49)	(25,863)
At 30 September 2024 *(unaudited)*	1,234,916	4,688,866	650,114	249,396	74,178	4,145	6,901,615
Net book value:							
At 30 September 2024 *(unaudited)*	157,829	3,775,291	272,972	97,195	103,371	1,219	4,407,877
At 31 December 2023	96,089	3,605,460	272,972	120,928	111,212	850	4,207,511
At 30 December 2022	121,309	3,279,931	272,972	148,659	118,178	477	3,941,526

13 RIGHT-OF-USE ASSETS

The Group

The Group leases assets including land use rights, buildings and building improvements, machinery and equipment, motor vehicles and others. Information about leases for which the Group is a lessee is presented below.

	Land use rights	Buildings and building improvements	Machinery and equipment	Motor vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2022	455,888	795,827	33,231	44,842	57,504	1,387,292
Additions	–	183,295	20,924	12,494	16,621	233,334
Disposals	–	(110,924)	(15,158)	(18,564)	(19,324)	(163,970)
Exchange adjustments	14,739	34,348	1,493	(2,512)	3,128	51,196
At 31 December 2022 and 1 January 2023	470,627	902,546	40,490	36,260	57,929	1,507,852
Additions	–	88,081	10,936	11,754	37,639	148,410
Disposals	–	(93,501)	(9,194)	(15,219)	(19,445)	(137,359)
Exchange adjustments	2,956	18,265	2,580	1,772	4,575	30,148
At 31 December 2023 and 1 January 2024	473,583	915,391	44,812	34,567	80,698	1,549,051
Additions	73,738	198,217	39,080	21,515	45,346	377,896
Disposals	–	(109,243)	(5,386)	(20,410)	(12,267)	(147,306)
Exchange adjustments	(1,885)	516	371	(401)	(229)	(1,628)
At 30 September 2024 *(unaudited)*	545,436	1,004,881	78,877	35,271	113,548	1,778,013
Accumulated depreciation:						
At 1 January 2022	71,634	127,071	13,764	10,790	20,641	243,900
Charge for the year	8,483	128,884	7,085	13,597	22,456	180,505
Written back on disposals	–	(62,960)	(9,745)	(16,648)	(14,744)	(104,097)
Exchange adjustments	3,123	(2,532)	(591)	(2,227)	363	(1,864)
At 31 December 2022 and 1 January 2023	83,240	190,463	10,513	5,512	28,716	318,444
Charge for the year	6,686	121,915	12,022	16,273	20,508	177,404
Written back on disposals	–	(61,500)	(9,133)	(15,035)	(15,374)	(101,042)
Exchange adjustments	647	3,664	955	2,045	2,944	10,255

	Land use rights	Buildings and building improvements	Machinery and equipment	Motor vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	90,573	254,542	14,357	8,795	36,794	405,061
Charge for the period	5,400	146,739	41,469	15,390	22,166	231,164
Written back on disposals	–	(92,027)	(4,329)	(21,451)	(12,002)	(129,809)
Exchange adjustments	(408)	1,923	537	29	(200)	1,881
At 30 September 2024 *(unaudited)*	95,565	311,177	52,034	2,763	46,758	508,297
Net book value:						
At 30 September 2024 *(unaudited)*	449,871	693,704	26,843	32,508	66,790	1,269,716
At 31 December 2023	383,010	660,849	30,455	25,772	43,904	1,143,990
At 31 December 2022	387,387	712,083	29,977	30,748	29,213	1,189,408

The Group leases houses and buildings as offices and production plants, with lease terms ranging from 2 to 20 years. In addition, the Group also leases machinery and transport for the production and manufacture of automotive parts, with lease terms ranging from 2 to 5 years.

14 INTEREST IN ASSOCIATES AND JOINT VENTURE

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Joint venture			
– immaterial joint ventures	109,797	109,817	109,817
Associates			
– material associates	1,927,588	1,589,777	1,633,705
– immaterial associates	49,914	595,720	823,741
Total	2,087,299	2,295,314	2,567,263

The following list contains only the particulars of material associates and joint venture, which is unlisted corporate entities whose quoted market price is not available.

Company name	Place of incorporation and operation	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest		Principal activities
		RMB'000	*RMB'000*	*Direct interest*	*Indirect interest*	
JoysonQuin	Ningbo	992,700,000	992,700,000	8.85	40.04	Manufacturing of automotive components

Summarised financial information of the material associate, adjusted for fair value at the time of acquisition and any differences in accounting policies of the Group, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	JoysonQuin		
	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Gross amounts of the associates			
Current assets	2,843,483	3,276,624	3,792,306
Non-current assets	3,019,607	3,333,759	3,303,844
Current liabilities	2,952,251	3,280,050	3,393,959
Non-current liabilities	536,137	583,241	831,739
Total equity attributable to shareholders of the Company	2,306,251	2,666,084	2,784,808
Non-controlling interests	68,451	81,008	85,644
Revenue	4,096,923	5,115,252	3,822,897
Profit from continuing operations	241,316	359,033	186,576
Other comprehensive income	33,172	77,301	(71,918)
Total comprehensive income	274,488	436,334	114,658
Dividend received from the associate	–	25,900	–
Reconciled to the group's interests in the associates			
Gross amounts of net assets attributable to shareholders of the associate	2,306,251	2,666,084	2,784,808
Group's effective interest	49%	37%	37%
Group's share of net assets of the associate	1,130,063	986,451	1,030,379
Goodwill	797,525	603,326	603,326
Carrying amount in the consolidated financial statements	1,927,588	1,589,777	1,633,705

Aggregate information of associates and joint venture that are not individually material:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Aggregate carrying amount of individually immaterial associates and joint venture in the consolidated financial statements	159,711	705,537	933,558
Aggregate amounts of the Group's share of those associates and joint ventures'			
Profit from continuing operations	(580)	7,185	18,596
Other comprehensive income	–	(1,035)	(7,614)
Total comprehensive income	(580)	6,150	10,982

The Company

The Company's interest in associates comprises of the investment in JoysonQuin and Senssun, of which JoysonQuin is the material associate. Summarised financial information of the material associate are disclosed above.

15 GOODWILL

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Cost	7,626,808	7,790,143	7,712,914
Accumulated impairment loss	(2,205,738)	(2,243,141)	(2,219,222)
Total	5,421,070	5,547,002	5,493,692

Goodwill was mainly arised from the Company's following two acquisitions:

On 29 April 2016, the Company acquired the automobile information segment of TechniSat Digital GmbH (subsequently named as Preh Car Connect GmbH). Goodwill was recognized as the positive balance between the Company's share of the fair value of the identifiable net assets and the acquisition cost and allocated to the cash-generation units ("CGU"): Joynext-Europe, Middle East and Africa Region ("EMEA").

On 2 June 2016, the Company completed the mergers of KSS Holdings. Goodwill was recognized as the positive balance between the Company's share of the fair value of the identifiable net assets and the acquisition cost. In 2018, the Company completed the acquisition of the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business through KSS Holdings. After the acquisition, the Company combined the business of KSS and Takata as automotive safety system business unit, which was coordinated by global headquarter as Joyson Safety System ("JSS") and divided into four operating regions, as China Region, Asia Region except China ("ROA"), Americas Region ("AM"), and Europe, Middle East and Africa Region ("EMEA"), and the goodwill generated from the acquisition of KSS is redistributed to the four CGUs.

Recognition of goodwill

Goodwill is allocated to the Group's cash-generation units by region as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Name of CGU			
Joyson Safety System-AM	165,036	167,834	166,050
Joyson Safety System-EMEA	489,097	497,391	492,102
Joyson Safety System-China	1,703,612	1,732,501	1,714,082
Joyson Safety System-ROA	2,250,189	2,288,346	2,264,017
Joynext-EMEA region	813,136	860,930	857,441
Total	5,421,070	5,547,002	5,493,692

Impairment tests

The recoverable amounts of the respective CGUs are determined based on the value-in-use ("VIU") calculation. As at 31 December 2022 and 2023, these calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment of the relevant region. Key assumptions are set out as follows:

	As at 31 December	
	2022	2023
Annual growth rate of revenue for forecast period		
– Joyson Safety System-AM	9%	7%
– Joyson Safety System-EMEA	1%	1%
– Joyson Safety System-China	9%	6%
– Joyson Safety System-ROA	4%	8%
– Joynext-EMEA	13%	6%
Long-term growth rate		
– Joyson Safety System-AM	0%	0%
– Joyson Safety System-EMEA	0%	0%
– Joyson Safety System-China	0%	0%
– Joyson Safety System-ROA	0%	0%
– Joynext-EMEA	0%	0%
Pre-tax discount rate		
– Joyson Safety System-AM	20.97%	22.53%
– Joyson Safety System-EMEA	17.64%	14.04%
– Joyson Safety System-China	14.55%	13.63%
– Joyson Safety System-ROA	8.97%	11.88%
– Joynext-EMEA	15.30%	14.59%

The recoverable amount of JSS AM is estimated to exceed its carrying amount at 31 December 2022 and 2023 by approximately RMB176 million and RMB401 million, respectively.

The recoverable amount of JSS EMEA is estimated to exceed its carrying amount at 31 December 2022 and 2023 by approximately RMB292 million and RMB1,318 million, respectively.

The recoverable amount of JSS China is estimated to exceed its carrying amount at 31 December 2022 and 2023 by approximately RMB925 million and RMB258 million, respectively.

The recoverable amount of JSS ROA is estimated to exceed its carrying amount at 31 December 2022 and 2023 by approximately RMB298 million and RMB10 million, respectively.

The recoverable amount of Joynext EMEA is estimated to exceed its carrying amount at 31 December 2022 and 2023 by approximately RMB1,137 million and RMB1,088 million, respectively.

Management has identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount for CGUs with significant goodwill. The following table shows the amount that these three assumptions would need to be individually for the estimated recoverable amount to be equal to the carrying amount.

	Key assumption required for carrying amount to equal recoverable amount	
	As at 31 December	
	2022	2023
Annual growth rate of revenue for forecast period		
– Joyson Safety System-AM region	8.77%	6.45%
– Joyson Safety System-EMEA region	0.63%	-0.29%
– Joyson Safety System-China region	7.96%	5.72%
– Joyson Safety System-ROA region	3.65%	7.98%
– Joynext-EMEA region	9.20%	3.29%
Long-term growth rate		
– Joyson Safety System-AM region	-1.19%	-5.14%
– Joyson Safety System-EMEA region	-1.60%	-5.87%
– Joyson Safety System-China region	-3.14%	-1.05%
– Joyson Safety System-ROA region	-0.62%	-0.03%
– Joynext-EMEA region	-20.37%	-13.63%
Pre-tax discount rate		
– Joyson Safety System-AM region	21.61%	24.87%
– Joyson Safety System-EMEA region	18.60%	17.50%
– Joyson Safety System-China region	16.48%	14.28%
– Joyson Safety System-ROA region	9.44%	11.90%
– Joynext-EMEA region	24.07%	21.33%

16 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Investments in subsidiaries	13,807,675	13,906,938	12,963,412

The following list contains only the particulars of subsidiaries which principally and significantly affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of establishment	Particulars of registered and paid-in capital	Effective interest held by the Group			Principal activities
			As at 31 December		As at 30 September	
			2022	2023	2024	
Preh GmbH	Germany 30 April 2003	EUR10,000,000/ EUR10,000,000	100%	100%	100%	Manufacturing of automotive components
Preh Portugal, Lda	Portugal January 1970	EUR2,763,000/ EUR2,763,000	100%	100%	100%	Manufacturing of automotive components
Preh, Inc.	America 19 September 2005	USD500,000/ USD500,000	100%	100%	100%	Manufacturing of automotive components
Ningbo Preh Joyson Automotive Electronics Co., Ltd. (寧波普瑞均勝汽車電子有限公司)	The People's Republic of China ("PRC") 27 December 2010	EUR21,250,000/ EUR21,250,000	100%	100%	100%	Manufacturing of automotive components
Ningbo Joynext Technology Corp. (formerly known as Ningbo Joynext Technology Co. Ltd.) (寧波均聯智行科技股份有限公司) (原名:寧波均聯智行科技有限公司)	The People's Republic of China ("PRC") 7 September 2016	RMB677,740,836/ RMB677,740,836	83.74%	86.65%	86.65%	R&D and production of communication equipments
JOYNEXT GMBH (formerly known as Preh Car Connect GmbH)	Germany 9 July 1990	EUR141,000/ EUR141,000	83.74%	86.65%	86.65%	Automotive information business products
JOYNEXT Sp.z.o.o (formerly known as Preh Car Connect Polska Sp. z o.o.)	Poland 15 March 2016	PLN10,720,000/ PLN10,720,000	83.74%	86.65%	86.65%	Automotive information business products
Joyson Safety Systems (Philippines) Corporation	Philippines 11 April 1997	PHP1,500,000,000/ PHP1,500,000,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Ningbo Joyson Safety Systems Co., Ltd. (寧波均勝汽車安全系統有限公司)	The People's Republic of China ("PRC") 20 January 2017	RMB1,079,930,584.36/ RMB1,079,930,584.36	60.32%	60.32%	56.50%	Manufacturing of safety systems

Company name	Place and date of establishment	Particulars of registered and paid-in capital	Effective interest held by the Group			Principal activities
			As at 31 December		As at 30 September	
			2022	2023	2024	
Joyson Safety Systems (Huzhou) Co., Ltd. (均勝汽車安全系統(湖州)有限公司)	The People's Republic of China ("PRC") 23 July 2007	USD55,000,000/ USD52,000,200	60.32%	60.32%	56.50%	Manufacturing of safety systems
Shanghai Lingang Joyson Safety Systems Co., Ltd.(上海臨港均勝汽車安全系統有限公司)	The People's Republic of China ("PRC") 22 May 2019	RMB200,000,000/ RMB200,000,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Acquisition LLC	America 18 December 2017	–	60.32%	60.32%	56.50%	Manufacturing of safety systems
Key Safety Restraint Systems, Inc..	America 18 September 1997	USD5,000/ USD5,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Equipo Automotoriz Americana S.A. de C.V.	Mexico 17 December 1973	MXN50,000/ MXN50,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Safety Autoparts Mexico S. de R.L.de C.V.	Mexico 10 November 2017	MXN3,000/ MXN3,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Brasil Ltda	Brazil May 1959	USD52,187,651.80 /USD52,187,651.80	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Hungary Kft.	Hungary 11 October 2013	HUF1,100,300,000/ HUF1,100,300,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Recall Services Europe GmbH	Germany 8 December 2017	EUR25,000/ EUR25,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Aschaffenburg GmbH	Germany 8 December 2017	EUR25,000/ EUR25,000	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Arad S.R.L.	Romania 11 May 2018	RON46/ RON46	60.32%	60.32%	56.50%	Manufacturing of safety systems
Joyson Safety Systems Japan G.K. (formerly known as Joyson Safety Systems Japan KK)	Japan 23 January 2018	JPY3,881,431,115/ JPY3,881,431,115	60.32%	60.32%	56.50%	Manufacturing of safety systems

The statutory auditors of the principal subsidiaries of the Group during the Track Record Period are set out below:

	Name of statutory auditors	
Company name	**2022**	**2023**
Preh GmbH *(Notes (i))*	KPMG AG Wirtschaftsprüfungsgesellschaft	KPMG AG Wirtschaftsprüfungsgesellschaft
Preh Portugal, Lda *(Notes (i))*	KPMG & Associados - Sociedade de Revisores Oficiais de Contas S.A	KPMG & Associados - Sociedade de Revisores Oficiais de Contas S.A
Preh, Inc. *(Notes (i))*	KPMG Cárdenas Dosal, S.C.	KPMG Cárdenas Dosal, S.C.
Ningbo Preh Joyson Automotive Electronics Co., Ltd. *(Notes (i))*	Ningbo Weiyuan Certified Public Accountants Co., Ltd.	Ningbo Weiyuan Certified Public Accountants Co., Ltd.
Ningbo Joynext Technology Corp. (formerly known as Ningbo Joynext Technology Co. Ltd.) *(Notes (i))*	KPMG Huazhen LLP	KPMG Huazhen LLP
JOYNEXT GMBH (formerly known as Preh Car Connect GmbH) *(Notes (i))*	KPMG AG Wirtschaftsprüfungsgesellschaft	KPMG AG Wirtschaftsprüfungsgesellschaft
JOYNEXT Sp.z.o.o (formerly known as Preh Car Connect Polska Sp. z o.o.) *(Notes (i))*	KPMG Audyt Sp. z o.o.	KPMG Audyt Sp. z o.o.
Joyson Safety Systems (Philippines) Corporation *(Notes (i))*	R. G. Manabat & Co	R. G. Manabat & Co
Ningbo Joyson Safety Systems Co., Ltd. *(Notes (i))*	KPMG Huazhen LLP	KPMG Huazhen LLP
Joyson Safety Systems (Huzhou) Co., Ltd. *(Notes (i))*	KPMG Huazhen LLP	KPMG Huazhen LLP
Shanghai Lingang Joyson Safety Systems Co., Ltd. *(Notes (i))*	KPMG Huazhen LLP	KPMG Huazhen LLP
Joyson Safety Systems Acquisition LLC *(Notes (i) and (ii))*	N/A	N/A
Key Safety Restraint Systems, Inc. *(Notes (i) and (ii))*	N/A	N/A
Equipo Automotoriz Americana S.A. de C.V. *(Notes (i))*	Monterrey, N.L.	Monterrey, N.L.
Safety Autoparts Mexico S. de R.L.de C.V. *(Notes (i))*	KPMG Cárdenas Dosal, S.C.	N/A
Joyson Safety Systems Brasil Ltda *(Notes (i))*	KPMG Auditores Independentes Ltda.	KPMG Auditores Independentes Ltda.
Joyson Safety Systems Hungary Kft. *(Notes (i))*	KPMG Hungária Kft.	KPMG Hungária Kft.

Company name	Name of statutory auditors 2022	2023
Recall Services Europe GmbH *(Notes (i) and (ii))*	N/A	N/A
Joyson Safety Systems Aschaffenburg GmbH *(Notes (i) and (ii))*	N/A	N/A
Joyson Safety Systems Arad S.R.L. *(Notes (i))*	KPMG Audit S.R.L	KPMG Audit S.R.L
Joyson Safety Systems Japan G.K. (formerly known as Joyson Safety Systems Japan KK) *(Notes (i) and (ii))*	N/A	N/A

Notes:

(i) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of these names is for identification purpose only.

(ii) No audited financial statements have been prepared for the years ended 31 December 2022 and 2023.

All companies now comprising the Group have adopted 31 December as their financial year end date.

17 OTHER FINANCIAL ASSETS

The Group

	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Financial assets measured at FVPL			
Non-current assets			
Equity instruments			
– Listed equity securities	–	–	23,801
– Unlisted equity instruments	84,027	150,492	149,093
Reinsurance of defined benefit plan	61,246	63,098	58,949
Unsettled consideration of selling 51% shares of JoysonQuin	562,210	–	–
	707,483	213,590	231,843
Current assets			
Financial products	419,267	226,174	58,918
Listed equity securities	46,519	54,550	49,457
Bond investment	–	–	12,490
	465,786	280,724	120,865

(i) The Group invested some financial products issued by banks and other financial institutions with its idle funds. These wealth management products usually have a preset maturity period and expected return, covering a wide range of investments, including government and corporate debentures, central bank bills, currency market funds, and other Chinese listed and unlisted equity securities. These financial products are classified as financial assets at fair value through profit or loss and presented as financial assets held for trading.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Financial assets measured at FVPL			
Non-current assets			
Unsettled consideration of selling 51% shares of JoysonQuin	562,210	–	–
Current assets			
– Financial products	419,267	226,066	58,918
– Listed equity securities	46,519	54,658	49,457
– Bond investment	–	–	12,490
	465,786	280,724	120,865

18 DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Derivative financial assets			
Non-current assets			
– Interest rate swaps	189,820	79,168	35,942
Current assets			
– Foreign currency forward contracts	4,737	12,298	–
– Interest rate swaps	77,039	91,805	57,935
	81,776	104,103	57,935
Derivative financial liabilities			
Current liabilities			
– Foreign currency forward contracts	272	919	–
– Interest rate swaps	67	2,752	15,924
	339	3,671	15,924

The Group enters into interest rate swap contracts with Deutsche Bank AG where the floating rate interest payments were swapped to fixed interest rate payment for the Group's bank borrowings in relation to the acquisition of Takata related business. These derivative financial instruments are recognised at fair value. The Group designated those interest-rate swaps as hedging instruments for cash flow hedge accounting pursuant to IFRS 9. In this context, the fulfilment of hedge effectiveness conditions as required under IFRS 9 was continually demonstrated prospectively in quantitative method based on regression analysis result. Ineffectiveness was calculated by comparing the present value development of the hedged transactions and the fair value development of the hedging instruments. The cash flow hedges did not result in an ineffectiveness to be recognized in profit or loss in the year/period under review, the changes in fair value amounting to RMB266,792,000, RMB168,221,000 and RMB77,953,000 (unaudited) for the year ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were recorded in equity.

The Group enters into foreign currency forward contracts with ITAU Bank in Brazil where the Group is to sell USD for BRL at a future date for the year ended 31 December 2022 and 2023, and with Agricultural Bank of China Seoul branch where the Group is to sell USD for CNY at a future date for the nine months ended 30 September 2024. These derivative financial instruments are recognised at fair value. As they were not designated as hedging instruments, those foreign currency forward contracts were accounted for at FVPL.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Derivative financial assets			
Current assets			
– Foreign currency forward contracts	4,507	12,298	–

19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Raw materials	5,116,246	5,238,732	5,701,895
Work in progress	1,345,935	1,617,655	1,692,200
Finished goods	974,283	980,462	1,222,195
	7,436,464	7,836,849	8,616,290

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Years ended 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Carrying amount of inventories sold	42,149,919	45,948,222	33,435,419
Write-down of inventories	44,721	99,529	113,200
	42,194,640	46,047,751	33,548,619

Net realisable value of inventories 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. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realizable value. As of 31 December 2022 and 2023 and 30 September 2024, amounts of RMB409,638,000, RMB528,676,000 and RMB624,292,000 (unaudited) were provided for as provision for diminution in value of inventories.

20 CONTRACT LIABILITIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Advances from sales of automotive components	46,721	69,494	47,429
Advances on tooling and R&D services	635,221	588,930	746,199
	681,942	658,424	793,628

Contract liabilities include mainly advance payments by customers for deliveries of goods and for services to be performed. In the case of these advance payments by customers for deliveries of goods and for services to be performed, for which contract liabilities are recognised, the customer has already paid the consideration or part of the consideration, but the Group has generally not yet satisfied its performance obligation, or has done so only to a limited extent.

Movements in contract liabilities

	Years ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Balance as at the opening of the year/period	646,082	681,942	658,424
Decrease in contract liabilities as a result of recognising revenue during the year/period	(583,870)	(525,709)	(404,267)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	619,730	502,191	539,471
Balance at the end of the year/period	681,942	658,424	793,628

The mainly amount of billings in advance is expected to be recognised as income within one year.

21 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade receivables			
– Third parties	7,705,690	8,172,633	8,291,200
– Related parties	30,626	14,145	42,333
Bills receivable *(Note)*	637,601	657,866	374,091
Receivables to be factored	40,149	18,879	20,851
Less: allowance for doubtful debts	(135,431)	(154,717)	(146,388)
Trade and bills receivables	8,278,635	8,708,806	8,582,087
Other receivables			
– VAT recoverable	807,566	1,080,253	1,054,040
– Consideration receivable	–	366,430	–
– Tax refund receivable	237,168	289,501	386,133
– Dividend receivable	209,202	235,102	208,217
– Deposits and prepayments	99,344	89,336	100,872
– Advances from related parties	114,462	12,862	12,862
– Staff advance	21,980	29,507	27,640
– Others	364,867	257,071	362,836
Other receivables	1,854,589	2,360,062	2,152,600
Current	10,133,224	11,068,868	10,734,687
Other receivables			
– Compensation receivables	159,551	119,205	118,529
– Overpayment of tax in previous years by overseas subsidiaries	204,536	224,955	188,854
– Others	13,601	11,313	5,868
Non-current	377,688	355,473	313,251

Notes:

As at 31 December 2022 and 2023 and 30 September 2024, bills receivable of RMB151,821,000, RMB285,585,000, and RMB263,500,000 (unaudited), compose of bank acceptance bills, whose fair values approximate to their carrying values were classified as financial assets at FVOCI under IFRS 9. The fair value changes of these bills receivable measured at FVOCI were insignificant during the year.

Other bills receivable of RMB485,780,000, RMB372,281,000 and RMB110,591,000 (unaudited) are measured at amortised cost, including bank and commercial acceptance bills.

Bills receivable mainly represent short-term bank acceptance receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivable to suppliers in order to settle trade payables.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade receivables			
– Subsidiaries	490,045	505,110	554,056
– Related parties	784	475	2,090
Less: allowance for doubtful debts	–	–	–
Trade receivables	490,829	505,585	556,146
Other receivables			
– Dividend receivable	208,028	213,978	207,044
– Interest receivable	63,746	–	–
– Lendings and borrowings to affiliated companies	1,728,011	2,375,526	2,087,080
– Lendings and borrowings to related parties	114,462	12,862	13,282
– Advance to related parties	133,430	35,775	1,003,225
– Receivables for share transferred to associate	–	336,430	–
– Deposits	17,547	10,290	22,173
Other receivables	2,265,224	2,984,861	3,332,804
Current	2,756,053	3,490,446	3,888,950
Other receivables			
– Prepaid earnest money deposit for equity investment	–	304,268	–
– Others	4,113	–	26
Non-current	4,113	304,268	26

All of the current portion of trade and other receivables are expected to be recovered within one year.

Ageing analysis:

As at the end of each reporting period, the ageing analysis of trade debtors, based on the revenue recognition date, is as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	7,610,468	8,001,845	8,239,743
More than 1 year but within 2 years	114,688	178,943	84,446
More than 2 years but within 3 years	6,242	5,210	5,581
More than 3 years	4,918	780	3,763
	7,736,316	8,186,778	8,333,533
Less: Provision for bad and doubtful debts	(135,431)	(154,717)	(146,388)
	7,600,885	8,032,061	8,187,145

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	59,758	75,465	72,586
More than 1 year but within 2 years	48,190	6,365	57,377
More than 2 years but within 3 years	215,617	9,817	6,365
More than 3 years	167,264	413,938	419,818
	490,829	505,585	556,146
Less: Provision for bad and doubtful debts	–	–	–
	490,829	505,585	556,146

22 PREPAYMENTS AND OTHER ASSETS

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Payment to OEMs	359,086	376,168	374,795
Prepayment for long-term assets	406,040	631,346	120,596
Contract costs and others *(Note)*	58,038	674,791	1,309,237
Non-current	823,164	1,682,305	1,804,628
Purchase of raw materials	80,414	88,362	107,854
Purchase of tooling	45,889	84,110	62,233
Deferred expense	162,884	236,006	238,297
Contract costs and others *(Note)*	1,164,504	1,487,055	1,354,846
Current	1,453,691	1,895,533	1,763,230
	2,276,855	3,577,838	3,567,858

Note:

Contract costs and others mainly include costs incurred in the initial activities carried out by the Group for the fulfillment of the contract, which are costs and expenses incurred by the Group for the fulfillment of contractual obligations prior to the formal delivery of the relevant products after the signing of supply agreements with certain OEMs, and such costs and expenses will be recovered in subsequent supply orders. Accordingly, the costs and expenses incurred by the Group are capitalised and amortised when anticipated future vendor purchases occur.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Cash at bank	5,404,946	5,176,308	6,971,374
Less: restricted bank deposits *(Note)*	(1,559,425)	(922,792)	(489,035)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	3,845,521	4,253,516	6,482,339

Note:

Restricted cash of RMB1,559,425,000, RMB922,792,000 and RMB489,035,000 (unaudited) as at 31 December 2022 and 2023 and 30 September 2024, maily was pledged for loans.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Cash at bank	1,428,909	1,538,792	2,847,015
Less: restricted bank deposits	(285,263)	(116,634)	–
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	1,143,646	1,422,158	2,847,015

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Years ended 31 December		Nine months ended 30 September	
		2022	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Profit before taxation		479,818	1,762,281	1,175,842	1,771,983
Adjustments for:					
Interest income	*6(a)*	(95,002)	(75,592)	(74,572)	(73,143)
Investment income		(124,472)	(204,952)	(153,058)	(117,567)
Depreciation	*6(d)*	1,838,917	1,828,286	1,716,872	1,532,916
Amortisation of intangible assets	*6(d)*	1,048,577	1,076,617	796,270	739,142
Interest expenses	*6(a)*	932,114	1,120,903	864,571	864,087
Losses/(gains) on disposal of property, plant and equipment and right-of-use assets	*6(c)*	1,756	(12,413)	(5,003)	(7,267)
Impairment reversal/(losses) on trade and other receivables		(15,762)	35,991	25,253	16,336
Impairment losses of property, plant and equipment, right-of-use assets and inventories and contract costs		49,259	125,056	23,499	113,200
Change in fair value of financial assets measured at FVPL		(101,779)	(157,130)	(125,519)	(1,293)
Equity-settled share-based payment expenses	*6(b)*	38,353	33,900	33,469	18,892
Changes in working capital:					
Increase in inventories		(1,083,496)	(491,488)	(460,135)	(825,657)
Increase in trade and other receivables and other assets		(2,164,972)	(1,736,521)	(656,414)	(1,168,223)
Increase in trade and other payables and accruals		1,796,888	1,115,455	55,069	668,086
Decrease/(increase) in restricted bank deposits		1,084	(74)	94,261	(1,000)
Cash generated from operations		2,601,283	4,420,319	3,310,405	3,530,492

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000 *Note 24*	*RMB'000* *Note 27*	*RMB'000*	*RMB'000*
At 1 January 2022	18,730,118	767,842	–	19,497,960
Changes from financing cash flows:				
Proceeds from bank loans	5,709,959	–	–	5,709,959
Repayment of bank loans	(5,664,902)	–	–	(5,664,902)
Interest of bank loans paid	(762,930)	–	–	(762,930)
Payment of capital element and interest element of lease liabilities	–	(189,373)	–	(189,373)
Dividends paid to equity shareholders of the Company	–	–	(13,060)	(13,060)
Total changes from financing cash flows	18,012,245	578,469	(13,060)	18,577,654
Exchange adjustments	505,206	–	–	505,206
Other changes:				
Interest expenses *(Note 6(a))*	919,334	39,231	–	958,565
Dividends approved to equity shareholders of the Company	–	–	13,060	13,060
Increase in lease liabilities from entering into new leases during the period	–	233,334	–	233,334
Decrease in lease liabilities from terminating leases during this period	–	(70,889)	–	(70,889)
Total other changes	919,334	201,676	13,060	1,134,070
At 31 December 2022 and 1 January 2023	19,436,785	780,145	–	20,216,930
Changes from financing cash flows:				
Proceeds from bank loans	8,413,356	–	–	8,413,356
Repayment of bank loans	(8,727,177)	–	–	(8,727,177)
Payment of capital element and interest element of lease liabilities	–	(218,113)	–	(218,113)
Interest of bank loans paid	(904,021)	–	–	(904,021)
Dividends paid to equity shareholders of the Company	–	–	(149,582)	(149,582)
Total changes from financing cash flows	(1,217,842)	(218,113)	(149,582)	(1,585,537)
Exchange adjustments	248,588	36,318	–	284,906
Other changes:				
Interest expenses *(Note 6(a))*	1,131,004	41,881	–	1,172,885
Dividends approved to equity shareholders of the Company	–	–	150,482	150,482
Increase in lease liabilities from entering into new leases during the period	–	148,411	–	148,411
Decrease in lease liabilities from terminating leases during this period	–	(36,318)	–	(36,318)
Total other changes	1,131,004	153,974	150,482	1,435,460
At 31 December 2023	19,598,535	752,324	900	20,351,759

	Bank loans	Lease liabilities	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 24	*Note 27*		
At 1 January 2023	19,436,785	780,145	–	20,216,930
Changes from financing cash flows:				
Proceeds from bank loans	6,779,082	–	–	6,779,082
Repayment of bank loans	(6,465,530)	–	–	(6,465,530)
Payment of capital element and interest element of lease liabilities	–	(164,352)	–	(164,352)
Interest of bank loans paid	(892,647)	–	–	(892,647)
Dividends paid to equity shareholders of the Company	–	–	(136,808)	(136,808)
Total changes from financing cash flows	(579,095)	(164,352)	(136,808)	(880,255)
Exchange adjustments	(116,391)	15,886	–	(100,505)
Other changes:				
Interest expenses *(Note 6(a))*	864,020	31,007	–	895,027
Dividends approved to equity shareholders of the Company	–	–	136,808	136,808
Increase in lease liabilities from entering into new leases during the period	–	96,153	–	96,153
Decrease in lease liabilities from terminating leases during this period	–	(11,001)	–	(11,001)
Total other changes	864,020	116,159	136,808	1,116,987
At 30 September 2023 *(unaudited)*	19,605,319	747,838	–	20,353,157
At 1 January 2024	19,598,535	752,324	900	20,351,759
Changes from financing cash flows:				
Proceeds from bank loans	11,960,943	–	–	11,960,943
Repayment of bank loans	(9,500,172)	–	–	(9,500,172)
Payment of capital element and interest element of lease liabilities	–	(154,329)	–	(154,329)
Interest of bank loans paid	(896,693)	–	–	(896,693)
Dividends paid to equity shareholders of the Company	–	–	(388,828)	(388,828)
Total changes from financing cash flows	1,564,078	(154,329)	(388,828)	1,020,921
Exchange adjustments	419,570	(81,462)	–	338,108
Other changes:				
Interest expenses *(Note 6(a))*	866,887	26,846	–	893,733
Dividends approved to equity shareholders of the Company	–	–	391,168	391,168
Increase in lease liabilities from entering into new leases during the period	–	304,158	–	304,158
Decrease in lease liabilities from terminating leases during this period	–	(17,497)	–	(17,497)
Total other changes	866,887	313,507	391,168	1,571,562
At 30 September 2024 *(unaudited)*	22,449,070	830,040	3,240	23,282,350

(d) Total cash out flow for leases:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Within operating cash flows	30,581	46,077	12,480	49,500
Within financing cash flows	189,373	218,113	164,352	154,329
	219,954	264,190	176,832	203,829

These amounts relate to the following:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Lease rentals settled	219,954	264,190	176,832	203,829
	219,954	264,190	176,832	203,829

24 LOANS AND BORROWINGS

The Group

The short-term loans and borrowings were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*
Pledged loans *(Note (i))*	509,318	319,929	1,161,099
Loans secured by mortgages *(Note (ii))*	–	499,686	500,431
Guaranteed loans *(Note (iii))*	502,866	710,629	563,546
Unsecured short-term loans *(Note (iv))*	1,995,402	2,713,459	3,223,126
Add: current long-term loans and borrowings	3,438,017	3,394,825	3,287,402
Add: current long-term debentures payable	523,443	–	–
	6,969,046	7,638,528	8,735,604

As at December 2022, 2023 and September 2024, the annual interest rates of major short-term loans borrowings range from 0.46% to 6.50%, 3.00% to 9.28% and 2.6% to 8.70% (unaudited), respectively.

(i) As at 31 December 2022, the pledged loans mainly include short-term loans of EUR21,848,000, equivalent to RMB162,176,000, borrowed from Agricultural Bank of China through pledge of certificates of deposit, and short-term loans of USD38,893,000, equivalent to RMB270,874,000, borrowed from Agricultural Bank of China through pledge of margin deposits.

As at 31 December 2023, the pledged loan mainly includes the short-term loan principal of USD34,800,000, equivalent to RMB246,478,000, borrowed from the Agricultural Bank of China through pledge of margin deposits.

As at 30 September 2024, the pledged loans mainly include short-term loans of RMB1,151,777,000 (unaudited), borrowed from China Merchants Bank London Branch through pledge of equity interest of Joyson Auto Safety Holdings S.A..

(ii) As at 30 September 2024, the mortgage loans are mainly short-term loans of RMB500,000,000 (unaudited), borrowed from the Postal Savings Bank of China with the Company's real estate as collateral.

(iii) As at 31 December 2022, guaranteed loans mainly include short-term loans of RMB20,027,000, borrowed from Industrial Bank Co., Ltd., and short-term loans of RMB160,205,000, borrowed from Agricultural Bank of China, both of which are guaranteed by Joyson Group; short-term loans of EUR3,000,000, equivalent to RMB22,268,000, borrowed from Deutsche Bank, which are guaranteed by KSS Holdings Inc.; short-term loans of RMB300,275,000, borrowed from China Merchants Bank.

As at 31 December 2023, guaranteed loans mainly include short-term loans of RMB100,000,000 borrowed from Industrial and Commercial Bank of China; short-term loans of RMB350,000,000, borrowed from the Bank of China; short-term loan principal of RMB257,000,000, borrowed from Industrial Bank Co., Ltd.. The above loans are guarateed by Joyson Group.

As at 30 September 2024, guaranteed loans mainly include short-term loans of RMB250,000,000 (unaudited), borrowed from China Merchants Bank, which are guaranteed by Joyson Group; and short-term loans of EUR 17,019,000 (unaudited), equivalent to RMB133,202,000 (unaudited), guaranteed by state agency.

(iv) As at 31 December 2022, the unsecured loans mainly include short-term loans of EUR 110,028,000, equivalent to RMB816,726,000, borrowed from Commerzbank; short-term loans of RMB500,603,000, borrowed from China Merchants Bank; and short-term loans of RMB422,475,000, borrowed from Industrial and Commercial Bank of China; and short-term loans of EUR25,333,000, equivalent to RMB188,044,000, borrowed from BNP Paribas, which are guaranteed by Joyson Electronics.

As at 31 December 2023, the unsecured loans mainly include short-term loans of EUR 26,395,000, equivalent to RMB207,444,000, borrowed from BNP Paribas Bank Polska S.A.; and short-term loans of EUR 135,000,000, equivalent to RMB1,060,992,000, borrowed from Commerzbank; short-term loans of RMB332,000,000, borrowed from Industrial and Commercial Bank of China; short-term loans of RMB200,000,000, borrowed from Bank of Communications; and short-term loans of RMB700,000,000, borrowed from China Merchants Bank.

As at 30 September 2024, the unsecured loans mainly include short-term loans of RMB232,660,000 (unaudited), borrowed from Industrial and Commercial Bank of China; short-term loans of RMB200,000,000 (unaudited), borrowed from Bank of China; short-term loans of RMB330,000,000 (unaudited), borrowed from China Merchants Bank; short-term loans of RMB500,000,000 (unaudited), borrowed from Bank of Communications; short-term loans of RMB100,000,000 (unaudited), borrowed from The Export-Import Bank of China; and short-term loans of EUR 230,000,000 (unaudited), equivalent to RMB1,800,141,000 (unaudited), borrowed from Commerzbank.

The Group

The long-term loans and borrowings were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Pledged loans *(Note (i))*	9,075,195	7,290,529	6,935,069
Loans secured by mortgages *(Note (ii))*	410,687	1,477,977	807,473
Guaranteed loans *(Note (iii))*	2,718,995	3,377,953	3,436,118
Unsecured short-term loans	3,700,879	3,208,374	5,822,208
Less: current long-term loans and borrowings	(3,438,017)	(3,394,825)	(3,287,402)
	12,467,739	11,960,008	13,713,466

As at December 2022, 2023 and September 2024, the annual interest rates of major long-term loans borrowings range from 0.75% to 7.23%, 1.15% to 8.88% and 1.15% to 8.41% (unaudited), respectively.

(i) As at 31 December 2022, pledged loans mainly include long-term loans of USD422,101,000, equivalent to RMB3,171,601,000, JPY 20,836,309,000, equivalent to RMB1,106,746,000 and USD414,606,000, equivalent to RMB2,887,565,000, borrowed by the subsidiaries of the Group from Deutsche Bank; long-term loans of RMB505,305,000 and USD192,434,000, equivalent to RMB1,340,226,000, borrowed from Bank of China; long-term loans of USD37,437,000, equivalent to RMB260,734,000, borrowed from Agricultural Bank of China. The long-term loans from Deutsche Bank incurred issue costs of USD28,056,000, equivalent to RMB195,399,000. The above-mentioned loans are mainly secured by substantial assets of Joyson Safety Systems, bank certificates of deposit and margin deposits.

As at 31 December 2023, pledged loans mainly include multiple long-term loans from Deutsche Bank, including the principal amount of USD272,000,000, equivalent to RMB1,926,494,000; Principal JPY 19,648,850,000, equivalent to RMB986,719,000; Principal EUR 400,000,000, equivalent to RMB3,143,680,000 and the principal amount of RMB895,875,000. The principal amount of long-term loans borrowed from Agricultural Bank of China is USD37,000,000, equivalent to RMB262,060,000. The above-mentioned loans are mainly secured by substantial assets of Joyson Safety Systems, bank certificates of deposit and margin deposits.

As at 30 September 2024, pledged loans mainly include multiple long-term loans from Deutsche Bank, including the amount of USD210,117,000 (unaudited), equivalent to RMB1,488,196,000 (unaudited); JPY21,427,157,000 (unaudited), equivalent to RMB1,045,385,000 (unaudited); EUR 314,925,000 (unaudited), equivalent to RMB2,475,059,000 (unaudited) and the amount of RMB1,747,778,000 (unaudited). The above-mentioned loans are mainly secured by substantial assets of Joyson Safety Systems, bank certificates of deposit and margin deposits.

(ii) As at 31 December 2022, mortgage loans mainly include long-term loans of RMB410,687,000, borrowed by the subsidiaries of the Group from China Construction Bank. The amount due within one year is RMB110,131,000. The loans mentioned above is mortgaged by real estate.

As at 31 December 2023, mortgage loan mainly includes multiple long-term loans of RMB300,000,000, borrowed from the Bank of China; multiple long-term loans from China Construction Bank totalling RMB556,220,000; long-term loans of RMB450,000,000, borrowed from The Export-Import Bank of China; long-term loan principal of EUR20,000,000, borrowed from Unicredit Bank, equivalent to RMB157,184,000. The loans mentioned above is mortgaged by real estate.

As at 30 September 2024, mortgage loan mainly includes multiple long-term loans of RMB411,534,000 (unaudited), borrowed from China Construction Bank; long-term loans of RMB250,000,000 (unaudited), borrowed from The Export-Import Bank of China; long-term loans of principal of EUR17,000,000 (unaudited) from Unicredit Bank, equivalent to RMB133,054,000 (unaudited). The loans mentioned above is mortgaged by real estate.

(iii) As at 31 December 2022, guaranteed loans mainly include long-term loans of RMB1,282,144,000, borrowed by the subsidiaries of the Group from China Construction Bank; long-term loans of RMB264,340,000, borrowed from Agricultural Bank of China; long-term loans of RMB80,043,000, borrowed from The Export-Import Bank of China; and long-term loans of RMB904,371,000, borrowed from Bank of China. The loans are guaranteed by Josyon Group.

As at 31 December 2023, guaranteed loans mainly include multiple long-term loans from China Construction Bank with a total principal of RMB1,250,000,000; long-term loans from Agricultural Bank of China with principal of RMB414,000,000; multiple long-term loans of RMB1,053,150,000 from the Bank of China; multiple long-term loans from Industrial Bank Co., Ltd. with a total principal of RMB267,400,000; long-term loans of RMB220,000,000 from China Merchants Bank. The above borrowings are guaranteed by Joyson Group.

As at 30 September 2024, guaranteed loans mainly include multiple long-term loans from China Construction Bank with a total principal of RMB1,390,000,000 (unaudited); long-term loan principal of RMB429,000,000 (unaudited) borrowed from Agricultural Bank of China; multiple long-term loans of RMB902,150,000 (unaudited) borrowed from the Bank of China; multiple long-term loans of RMB550,000,000 (unaudited) borrowed from The Export-Import Bank of China. The above borrowings are guaranteed by Joyson Group.

(iv) As at 31 December 2022, unsecured loans mainly include several long-term loans of RMB1,206,981,000, borrowed from Industrial and Commercial Bank of China; long-term loans of RMB180,239,000, borrowed from Agricultural Bank of China; long-term loans of RMB140,903,000, borrowed from China Construction Bank; long-term loans of RMB449,549,000, borrowed from Postal Savings Bank of China; long-term loans of RMB302,870,000, borrowed from Bank of China; long-term loans of RMB261,478,000, borrowed from Industrial Bank Co., Ltd.; long-term loans of EUR100,136,000, equivalent to RMB743,303,000, borrowed from Commerzbank; and 7-year promissory notes of EUR 16,625,000, equivalent to RMB123,404,000, 7-year promissory notes of EUR34,000,000, equivalent to RMB252,379,000, 10-year promissory notes of EUR4,042,000, equivalent to RMB30,005,000, borrowed from Bayerische Landesbank.

As at 31 December 2023, the unsecured loans mainly include multiple long-term loans from the Industrial and Commercial Bank of China with a total principal of RMB1,206,000,000; To borrow a number of long-term loans from the Agricultural Bank of China with a total principal of RMB170,000,000; long-term loans from Postal Savings Bank of China with a total principal of RMB447,000,000; a long-term loan principal of RMB162,600,000 from China Merchants Bank; a long-term loan principal of EUR 100,000,000 from Commerzbank, equivalent to RMB785,920,000. In addition, borrows a 7-year promissory note from the Bayerische Landesbank for EUR16,500,000, equivalent to RMB129,677,000; a 7-year promissory note for EUR34,000,000 from the Bayerische Landesbank, equivalent to RMB267,213,000.

As at 30 September 2024, the unsecured loans mainly include multiple long-term loans from Bank of China with a total principal of RMB500,000,000 (unaudited); long-term loans from the China Construction Bank with a total principle of RMB299,900,000 (unaudited); long-term loans from China's Industrial Bank with a total principle of RMB99,600,000 (unaudited); a long-term loans from The Export-Import Bank of China with a total principal of RMB852,204,000 (unaudited); a long-term loans from Postal Savings Bank of China with a total principal of RMB445,000,000 (unaudited); a long-term loan of EUR130,250,000 (unaudited) from Commerzbank, equivalent to RMB1,028,774,000 (unaudited); a long-term loan principal of RMB800,000,000 (unaudited) from Agricultural Bank Of China; a long-term loan principal of RMB1,303,125,000 (unaudited) from Industrial and Commercial Bank of China; and multiple long-term loans with a principle of RMB162,600,000 (unaudited) from China Merchants Bank.

As at the end of each reporting period, the long-term bank loans were repayable as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
After one year but within two years	3,858,589	2,952,859	2,475,377
After two years but within five years	8,308,594	8,562,310	10,117,677
After five years	300,556	444,839	1,120,412
	12,467,739	11,960,008	13,713,466

The Company

The short-term loans and borrowings were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Pledged loans	433,055	252,820	–
Loans secured by mortgages	–	499,686	500,431
Guaranteed loans	180,233	105,108	250,209
Unsecured short-term loans	923,078	1,051,925	783,366
Add: current long-term loans and borrowings	1,817,070	1,810,779	1,739,087
Add: current long-term debentures payable	523,443	–	–
	3,876,879	3,720,318	3,273,093

The long-term loans and borrowings were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Pledged loans	263,787	265,160	–
Loans secured by mortgages	110,131	1,001,037	360,302
Guaranteed loans	2,550,234	1,982,819	3,310,342
Unsecured short-term loans	1,837,827	1,824,390	2,550,554
Less: current long-term loans and borrowings	(1,840,513)	(1,810,779)	(1,739,087)
	2,921,466	3,262,627	4,482,111

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
After one year but within two years	2,131,894	1,967,659	1,792,591
After two years but within five years	789,572	1,294,968	2,689,520
	2,921,466	3,262,627	4,482,111

25 DEFINED BENEFIT PLANS

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)
Defined benefits plans	1,097,687	1,210,280	1,191,122

The Group contributes to the following defined benefit retirement plans in overseas. The plans are administered by trustees, the majority of which are independent, with their assets held separately from those of the Group. The trustees are required by the Trust Deed to act in the best interest of the plan participants and are responsible for setting investment policies of the plans.

Certain retired employees were entitled to receive an annual pension payment upon retirement. The pension benefit obligations vary from different regions due to the different future salary increase rate, discount rate, mortality rate etc. Besides, the pension benefit obligations are also influenced by retirement age and plan assets the Group purchased.

The plans expose the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Present value of defined benefit obligations	1,167,652	1,282,682	1,263,284
Fair value of plan assets	(69,965)	(72,402)	(72,162)
Total defined benefits plans	1,097,687	1,210,280	1,191,122

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

Plan assets consist of government bonds, stocks, cash and deposits and insurance.

(ii) Movements in the present value of the defined benefit obligation

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Balance as at 1 January	1,601,198	1,167,652	1,282,682
Remeasurements:			
Actuarial gain recognised in other comprehensive income	(403,926)	58,107	(23,919)
Actuarial gain recognised in profit or loss	(10,414)	(11,933)	(11,955)
Benefits paid by the plans	(105,455)	(48,959)	(13,471)
Current service cost	32,761	34,529	26,147
Interest cost	17,179	37,723	11,142
Exchange adjustments	36,309	45,563	(7,342)
Balance at the end of the year/period	1,167,652	1,282,682	1,263,284

The weighted average duration of the defined benefit obligation is 10 years.

(iii) Movements in plan assets

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Balance as at 1 January	123,235	69,965	72,402
Benefits paid by the plans	(65,653)	(8,835)	(529)
Interest income	3,207	3,318	1,059
Return on plan assets, excluding interest income	137	6,715	–
Exchange adjustments	9,039	1,239	(770)
Balance at the end of the year/period	69,965	72,402	72,162

(iv) Significant actuarial assumptions are as follows:

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
			(unaudited)
Discount rate	1.14%-4.12%	3.10%-5.70%	3.10%-5.70%
Future salary increases	2.00%-9.00%	2.00%-9.00%	2.00%-9.00%
Retirement benefits increases	1.50%-2.00%	2.00%-2.20%	2.00%-2.20%

26 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Trade and bills payables	8,921,461	9,710,411	9,543,889
Accrual expenses	510,161	445,195	386,884
Sales discounts	472,459	503,460	470,789
Accrued payroll, welfare and bonus	1,205,880	1,441,458	1,568,561
Other tax payables	530,486	710,438	672,890
Other payables and accruals	763,846	731,341	881,945
Current	12,404,293	13,542,303	13,524,958
Claim liabilities	248,652	231,230	186,266
Other long-term employee benefits payable	181,747	237,994	234,506
Other payables and accruals	89,184	53,510	21,922
Non-current	519,583	522,734	442,694

The Group

As at 30 September 2024, there was no significant single item of accounts payable with ageing of more than one year.

The Company

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Amounts due to related parties	5,207	10,019	7,826
Amounts due to third parties	10,771	5,608	2,074
Accrued payroll, welfare and bonus	1,984	10,684	8,764
Other tax payables	12,973	14,992	10,463
Other payables and accruals	141,898	120,626	217,813
Current	172,833	161,929	246,940
Non-current	1,280	3,004	5,169

The Company

The amounts due to subsidiaries or related parties are unsecured, non-interest bearing and repayable on demand. There was no significant single item of accounts payable with ageing of more than one year.

27 LEASE LIABILITIES

At 31 December 2022 and 2023 and 30 September 2024, the lease liabilities were repayable as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	158,853	184,852	212,780
After 1 year but within 2 years	136,675	149,510	146,386
After 2 years but within 5 years	206,005	338,963	370,350
After 5 years	460,602	301,098	212,702
Less: total future interest expenses	(181,990)	(222,099)	(112,178)
Present value of lease liabilities	780,145	752,324	830,040

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Joyson Electronics Employee Stock Ownership Plan

Upon the approval of the 16th meeting of the 10th Board of Director of the Company on 14 October 2021 and 2nd extraordinary shareholders' meeting of 2021 on 1 November 2021, the Company launched the 2021 Joyson Employee Stock Ownership Plan (hereinafter referred to as "ESOP"), through which the qualified employees were granted the right to indirectly hold the 9,000,000 treasury shares of the Company at a price of RMB9.5 per share. The share will be vested in three batches in a 41 months period subject to the fulfillment of the KPI of the Company.

The number of ESOP are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	'000	*'000*	*'000* *(unaudited)*
At the beginning of the year/period	9,000	8,600	9,000
Forfeited	(400)	(1,200)	(300)
Granted	–	1,600	–
Vested	–	–	(5,220)
At the end of the year/period	8,600	9,000	3,480

(b) Ningbo Joynext Technology Corp. Employee Stock Ownership Plan

On 24 December 2020, Ningbo Joynext Technology Corp. ("Joynext"), subsidiary of the Company, launched the ESOP by establishing two employee shareholding platform, Ningbo Junying Enterprise Management Consulting Partnership (Limited Partnership) ("Ningbo Junying") and Ningbo Junxing Enterprise Management Consulting Partnership Enterprise (Limited Partnership) ("Ningbo Junxing") and 16 employees (consist of directors, senior management and key technical employees) of the Company, Joynext and its subsidiaries were granted the right to indirectly hold the share of Joynext at a price of RMB1.74 per share through the two shareholding platforms, and the total number of shares granted is 24.43 million. The shares will be vested in two batches, 25% of the share will be unlocked directly from the grant date; and the remaining 75% will be unlocked in three years since the grant date. As of 31 December 2022, the total number of outstanding shares held by Ningbo Junying and Ningbo Junxing was 19,717,500. During the year ended 31 December 2023, the Company purchased all outstanding shares of Joynext from Ningbo Junying and Ningbo Junxing thus as of 31 December 2023, no share was held by these two employee shareholding platform.

29 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(a) Current taxation in the consolidated statements of financial position represents:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At the beginning of the year/period	269,876	229,778	265,327
Provisions for income tax for the year/period	391,365	526,852	454,330
Income tax paid	(431,463)	(491,303)	(480,051)
At the end of the year/period	229,778	265,327	239,606

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements for the years ended 2022 and 2023 and nine months ended 30 September 2024 are as follows:

Deferred tax assets/ (liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Impairment losses	Depreciation and amortisation	Accruals and provisions	Derivatives	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	494,291	–	–	188,731	(664,212)	790,931	–	(178,775)	630,966
Credited/(charged) to profit or loss	216,596	–	–	(20,718)	(22,795)	2,125	–	(30,722)	144,486
Credited/(charged) to reserve	–	–	–	–	–	(59,896)	(79,159)	–	(139,055)
Exchange adjustments	19,480	–	–	11,003	(16,405)	43,974	(716)	(16,221)	41,115
At 31 December 2022 and 1 January 2023	730,367	–	–	179,016	(703,412)	777,134	(79,875)	(225,718)	677,512
Credited/(charged) to profit or loss	(70,310)	(181,574)	191,640	(46,697)	31,761	(88,214)	–	173,578	10,184
Credited/(charged) to reserve	–	–	–	–	–	6,737	35,466	–	42,203
Exchange adjustments	18,251	(7,728)	8,197	3,597	(14,589)	22,629	(5,967)	(428)	23,962
At 31 December 2023 and 1 January 2024	678,308	(189,302)	199,837	135,916	(686,240)	718,286	(50,376)	(52,568)	753,861
Credited/(charged) to profit or loss	44,498	1,299	1,140	(2,900)	(129,925)	38,992	–	(4,514)	(51,410)
Credited/(charged) to reserve	–	–	–	–	–	(3,344)	25,431	–	22,087
Exchange adjustments	(28,824)	2,561	(3,080)	(4,743)	56,540	(35,388)	776	5,727	(6,431)
At 30 September 2024 *(unaudited)*	693,982	(185,442)	197,897	128,273	(759,625)	718,546	(24,169)	(51,355)	718,107

The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the movements for the years ended 2022 and 2023 and nine months ended 30 September 2024 are as follows:

The Company

Deferred tax assets/ (liabilities) arising from:	Unused tax losses	Right-of-use assets	Lease liabilities	Impairment losses	Depreciation and amortisation	Accruals and provisions	Derivatives	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	–	–	–	–	10	–	–	10
Credited/(charged) to profit or loss	60,608	–	–	–	–	–	–	–	60,608
Credited/(charged) to reserve	–	–	–	–	–	–	–	–	–
Exchange adjustments	–	–	–	–	–	–	–	–	–
At 31 December 2022 and 1 January 2023	60,608	–	–	–	–	10	–	–	60,618
Credited/(charged) to profit or loss	(12,326)	–	–	–	–	(10)	–	–	(12,336)
Credited/(charged) to reserve	–	–	–	–	–	–	–	–	–
Exchange adjustments	–	–	–	–	–	–	–	–	–
At 31 December 2023 and 1 January 2024	48,282	–	–	–	–	–	–	–	48,282
Credited/(charged) to profit or loss	(8,272)	–	–	–	–	–	–	–	(8,272)
Credited/(charged) to reserve	–	–	–	–	–	–	–	–	–
Exchange adjustments	–	–	–	–	–	–	–	–	–
At 30 September 2024 *(unaudited)*	40,010	–	–	–	–	–	–	–	40,010

(ii) Reconciliation to the consolidated statements of financial position

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Net deferred tax asset in the consolidated statement of financial position	1,042,547	1,185,982	1,121,534
Net deferred tax liability in the consolidated statement of financial position	365,035	432,121	403,427
Net deferred tax assets in the consolidated statements of financial position	677,512	753,861	718,107

Reconciliation to the statements of financial position

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Net deferred tax assets in the statements of financial position	60,618	48,282	40,010

(c) Deferred tax assets not recognised

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Deductible temporary differences	555,120	625,263	871,692
Deductible tax losses	3,626,042	4,461,332	4,698,405
Total	4,181,162	5,086,595	5,570,097

The expiration information of the Group's unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
2023	42,393	–	–
2024	–	–	–
2025	–	–	–
2026	37,982	37,982	37,623
2027 and thereafter	3,545,667	4,423,350	4,660,782
Total	3,626,042	4,461,332	4,698,405

30 DEFERRED INCOME

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At the beginning of the year/period	92,692	102,952	101,280
Additions	44,024	43,489	43,868
Credited to profit or loss	(33,764)	(41,983)	(21,024)
Exchange adjustments	–	(3,178)	2,728
At the end of the year/period	102,952	101,280	126,852

Deferred income mainly represents government grants relating to construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

31 PROVISIONS

	Product Warranties and claims	Restructuring Provision	Unfavourable Customer Contract	Environmental Recovery Obligations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	823,749	135,158	114,055	26,721	1,099,683
Additional provisions made	412,407	233,102	–	1,002	646,511
Provisions utilised	(610,053)	(252,459)	(101,854)	(6,089)	(970,455)
Exchange adjustments	57,059	(42,474)	(2,356)	1,909	14,138
At 31 December 2022	683,162	73,327	9,845	23,543	789,877
Less: current	(410,580)	(50,730)	–	–	(461,310)
Non-current	272,582	22,597	9,845	23,543	328,567
At 1 January 2023	683,162	73,327	9,845	23,543	789,877
Additional provisions made	352,322	239,672	–	550	592,544
Provisions utilised	(460,693)	(221,380)	(9,845)	(6,379)	(698,297)
Exchange adjustments	10,586	(21,250)	–	16	(10,648)
At 31 December 2023	585,377	70,369	–	17,730	673,476
Less: current	(318,797)	(70,369)	–	–	(389,166)
Non-current	266,580	–	–	17,730	284,310
At 1 January 2024	585,377	70,369	–	17,730	673,476
Additional provisions made	88,536	33,574	–	1,846	123,956
Provisions utilised	(129,586)	(84,507)	–	(52)	(214,145)
Exchange adjustments	(6,450)	(675)	–	(263)	(7,388)
At 30 September 2024 *(unaudited)*	537,877	18,761	–	19,261	575,899
Less: current	(319,271)	(18,761)	–	–	(338,032)
Non-current	218,606	–	–	19,261	237,867

Product Warranties and claims

Under the terms of the Group's sales agreements, the Group is responsible for product defects. When a product quality claim is received from the OEM, management assesses if a provision should be set up should the future economic outflow is probable, considering various factors such as whether or not a recall has been initiated, product defects are verifiable or litigation is initiated by the OEM etc.

Restructuring Provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Unfavourable Customer Contract

Present obligations arising under unfavorable customer contracts represent the contingent liability acquired in the business combination of Takata related Business, which is recognised in the acquisition accounting when it is a present obligation and its fair value can be measured reliably. An unfavorable customer contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Environmental Recovery Obligations

The environmental recovery obligation is mainly for the Group's certain plants in the U.S. undertake the activities to recover pollution and damage to the local environment caused by daily production and operation activities in accordance with local laws and regulations.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Treasury shares	Share premium	PRC Statutory reserve	Share-based payment reserve	Other reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022	1,368,085	(225,264)	11,769,229	107,662	6,109	(9,068)	199,362	13,216,115
Profit for the year	–	–	–	–	–	–	160,990	160,990
Other comprehensive income	–	–	–	–	–	6,916	–	6,916
Total comprehensive income	–	–	–	–	–	6,916	160,990	167,906
Equity settled share-based transactions	–	–	–	–	21,178	–	–	21,178
Appropriation to statutory reserves	–	–	–	16,099	–	–	(16,099)	–
Balance at 31 December 2022 and 1 January 2023	1,368,085	(225,264)	11,769,229	123,761	27,287	(2,152)	344,253	13,405,199
Profit for the year	–	–	–	–	–	–	385,379	385,379
Other comprehensive income	–	–	–	–	–	7,073	–	7,073
Total comprehensive income	–	–	–	–	–	7,073	385,379	392,452
Issue of ordinary shares	40,617	–	314,356	–	–	–	–	354,973
Equity settled share-based transactions	–	–	–	–	16,317	–	–	16,317
Appropriation to statutory reserves	–	–	–	38,538	–	–	(38,538)	–
Profit distribution	–	–	–	–	–	–	(136,808)	(136,808)
Balance at 31 December 2023 and 1 January 2024	1,408,702	(225,264)	12,083,585	162,299	43,604	4,921	554,286	14,032,133
Profit for the period	–	–	–	–	–	–	209,255	209,255
Other comprehensive income	–	–	–	–	–	(15,980)	–	(15,980)
Total comprehensive income	–	–	–	–	–	(15,980)	209,255	193,275
Repurchase of ordinary shares	–	(194,110)	–	–	–	–	–	(194,110)
Equity settled share-based transactions	–	–	–	–	11,294	–	–	11,294
Profit distribution	–	–	–	–	–	–	(365,547)	(365,547)
Balance at 30 September 2024 *(unaudited)*	1,408,702	(419,374)	12,083,585	162,299	54,898	(11,059)	397,994	13,677,045

(b) Dividends

During the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024, the Company declared dividends of RMB0, RMB136,808,000 and RMB365,547,000 (unaudited) respectively to its shareholders.

(c) Issued share capital

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*
Ordinary shares of RMB1 each, issued and fully paid	1,368,085	1,408,702	1,408,702
Total	1,368,085	1,408,702	1,408,702

On July 15, 2023, as approved by the shareholders of the Company and CSRC, the Company completed a non-public placement of new A shares. The Company issued a total of 40,617,000 new A-share to Joyson Group and raised funding of approximately RMB365,146,000 through the issuance. Netting off the transaction cost, the Company received a total of RMB354,973,000. Per the non-public placement, the Group recognized share capital of RMB40,617,000 and capital reserve of RMB314,356,000.

(d) Treasury shares

The balances as of 1 January 2022, 31 December 2022 and 2023 represented the value of the 9,000,000 treasury shares granted to qualified employees as disclosed in Note 28(a).

During the nine months ended 30 September 2024, the Company repurchased 12,664,015 treasury shares amounting to approximately RMB194,110,000 used for employee stock ownership plan or equity excitation. As at 30 September 2024, these shares have not been granted to qualified employees.

(e) Nature and purposes of reserves

(i) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(ii) PRC statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iii) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the ESOP of the Company, granted to the employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(s)(iii).

(iv) Other reserve

Other reserve mainly includes:

a) hedging reserve which comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in Note 2(h)(i), as well as the effective portion of the cumulative changes in the value of the hedging instruments used in CNY net investment hedges in accordance with the accounting policy adopted for net investment hedges in Note 2(h)(ii); and

b) fair value reserve which comprises remeasurements arising from defined benefit retirement plans obligations including comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)). The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2022 and 2023 and 30 September 2024 was 67.3%, 66.4% and 68.6% (unaudited), respectively.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to accounts receivable, contract assets or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The Group's exposure to credit risk arising from cash and restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of revenue recognition. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2022 and 2023 and 30 September 2024, 27.1%, 25.6% and 26.2% (unaudited) of the total trade receivables was due from the Group's largest customer respectively, and 57.7%, 53.1% and 54.9% (unaudited) of the total trade receivables, respectively, was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

- Group 1 — individual: receivables from the counterparties with significant financial difficulty
- Group 2 — collective: other trade receivables

As at 31 December 2022 and 2023 and 30 September 2024, the gross carrying amount of trade receivables in these categories are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Group 1	56,756	63,366	80,054
Group 2	7,679,560	8,123,412	8,062,744
Total	7,736,316	8,186,778	8,142,798

The loss allowance of Group 2 as at 31 December 2022 and 2023 and 30 September 2024 was determined as follows:

	As at 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	0.08%	6,558,785	5,292
Within 1 year past due	5.65%	1,009,839	57,008
More than 1 year but within 2 years past due	19.70%	108,635	21,396
More than 2 years but within 3 years past due	30.22%	460	139
More than 3 years past due	99.52%	1,841	1,832
		7,679,560	85,667

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	0.66%	7,203,792	47,841
Within 1 year past due	3.60%	737,184	26,515
More than 1 year but within 2 years past due	17.06%	177,055	30,197
More than 2 years but within 3 years past due	30.95%	4,883	1,511
More than 3 years past due	99.40%	498	495
		8,123,412	106,559

	As at 30 September 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
(unaudited)			
Current (not past due)	0.48%	7,085,154	33,943
Within 1 year past due	5.31%	891,861	47,397
More than 1 year but within 2 years past due	36.06%	75,330	27,164
More than 2 years but within 3 years past due	31.61%	7,346	2,322
More than 3 years past due	92.43%	3,053	2,822
		8,062,744	113,648

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables for the years ended 2022 and 2023 and nine months ended 30 September 2024 is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
At the beginning of the year/period	164,567	135,431	154,717
Amounts written off	(19,287)	(18,514)	(31,836)
Impairment losses recognised	–	34,445	9,471
Impairment losses reversed	(8,838)	–	6,500
Others	(1,011)	3,355	7,537
At the end of the year/period	135,431	154,717	146,389

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current as at 31 December 2022 and 2023 and 30 September 2024) and the earliest date the Group can be required to pay.

	As at 31 December 2022					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	7,634,521	3,768,239	8,999,597	328,625	20,730,982	19,436,785
Trade and other payables	12,467,471	328,604	280,859	–	13,076,934	12,923,876
Lease liabilities	158,853	136,675	206,005	460,602	962,135	780,145
Derivative financial instruments	339	–	–	–	339	339
	20,261,184	4,233,518	9,486,461	789,227	34,770,390	33,141,145

	As at 31 December 2023					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	7,634,977	3,591,761	9,889,987	320,186	21,436,911	19,598,536
Trade and other payables	13,609,103	359,206	212,481	–	14,180,790	14,065,037
Lease liabilities	184,852	149,510	338,963	301,098	974,423	752,324
Derivative financial instruments	3,671	–	–	–	3,671	3,671
	21,432,603	4,100,477	10,441,431	621,284	36,595,795	34,419,568

	As at 30 September 2024					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)						
Loans and borrowings	8,428,301	2,497,842	11,436,482	1,347,511	23,710,136	22,449,070
Trade and other payables	13,634,553	362,439	106,241	–	14,103,233	13,967,652
Lease liabilities	212,780	146,386	370,350	212,702	942,218	830,040
Derivative financial instruments	15,924	–	–	–	15,924	15,924
	22,291,558	3,006,667	11,913,073	1,560,213	38,771,511	37,262,686

(c) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans and lease liabilities as at 31 December 2022 and 2023 and 30 September 2024:

	As at 31 December 2022		As at 31 December 2023		As at 30 September 2024	
	Effective interest rates	Amount	Effective interest rates	Amount	Effective interest rates	Amount
	%	RMB'000	%	RMB'000	% (unaudited)	RMB'000 (unaudited)
Fixed rate instruments:						
Cash and cash equivalents	0.0%-3.85%	1,575,028	0.0%-3.45%	581,071	0.0%-3.45%	560,898
Trade and other receivables — Compensation receivables	5.21%	264,948	5.21%	173,101	5.21%	171,852
Trade and other payables — Long-term quality claims payable	8.12%	(282,156)	8.12%	(265,288)	8.12%	(277,608)
Debentures payable	6.00%	(523,443)	–	–	–	–
Lease liabilities	1.49%-8.34%	(780,145)	1.49%-8.34%	(752,324)	1.49%-8.34%	(830,040)
Subtotal		254,232		(263,440)		(374,898)
Variable rate instruments:						
Cash and cash equivalents	0.0%-2.75%	3,829,918	0.0%-2.75%	4,595,237	0.0%-2.75%	6,410,476
Bank loans and overdrafts	0.46%-5.75%	(3,007,586)	0.46%-9.28%	(4,243,703)	2.60%-8.70%	(5,448,203)
Interest-bearing borrowings	0.75%-7.88%	(15,905,756)	1.15%-9.07%	(15,354,833)	1.15%-8.41%	(17,000,867)
Subtotal		(15,083,424)		(15,003,299)		(16,038,594)
Total		(14,829,192)		(15,266,739)		(16,413,492)

(ii) Sensitivity analysis

At 31 December 2022 and 2023 and 30 September 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB113,126,000, RMB112,525,000 and RMB120,289,000 (unaudited) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and long-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and doing hedging when necessary to address short-term imbalances.

(i) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. The exposure arising from the secured bank loan that is designated as a hedge of the Group's net investment in its subsidiaries is excluded.

	Exposure to foreign currencies (expressed in RMB'000) 31 December 2022					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Cash and cash equivalents	**Trade and other receivables**	**Interest-bearing loans and borrowings**	**Derivative financial instruments**	**Trade and other payables**	**Net exposure**
– US Dollar (USD)	236,992	1,749,720	1,024,995	–	2,006,354	(1,044,637)
– Euro (EUR)	211,624	540,903	162,178	–	997,889	(407,540)
– New Lei (RON)	3,882	16,674	–	–	78,404	(57,848)
– Peso (MXN)	25,562	38,245	–	–	71,881	(8,074)
– Yen (JPY)	7,268	11,575	–	–	132,743	(113,900)
– Baht (THB)	1	3,658	–	–	5,288	(1,629)
– Pound (GBP)	184	10	–	–	4,795	(4,601)
– Won (KRW)	113	5,841	–	–	4,098	1,856
– Russian (RUB)	–	443	–	–	–	443
– Poland (PLN)	36,036	5	–	–	8,633	27,408
– Hungarian (HUF)	7,097	72	–	–	–	7,169
– Uruguay (UYU)	5	–	–	–	38	(33)
– Swedish (SEK)	224	–	–	–	489	(265)
– Switzerland (CHF)	–	–	–	–	2,175	(2,175)
– Czech (CZK)	–	–	–	–	437	(437)

	Exposure to foreign currencies (expressed in RMB'000) 31 December 2023					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Cash and cash equivalents	**Trade and other receivables**	**Interest-bearing loans and borrowings**	**Derivative financial instruments**	**Trade and other payables**	**Net exposure**
– US Dollar (USD)	409,707	2,334,729	1,696,428	41,788	1,663,205	(656,985)
– Euro (EUR)	289,189	219,678	185,446	–	147,924	175,497
– New Lei (RON)	58,477	69,422	–	–	93,741	34,158
– Peso (MXN)	20,114	15,945	–	–	70,669	(34,610)
– Yen (JPY)	6,940	3,333	–	–	107,427	(97,154)
– Baht (THB)	–	6,991	–	–	6,221	770
– Pound (GBP)	939	11	–	–	1,965	(1,015)
– Won (KRW)	295	14,914	–	–	1,121	14,088
– Poland (PLN)	85,302	12	–	–	6,207	79,107
– Hungarian (HUF)	9,043	324	–	–	–	9,367
– Uruguay (UYU)	592	–	–	–	1,449	(857)
– Swedish (SEK)	565	–	–	–	102	463
– Switzerland (CHF)	–	–	–	–	2,878	(2,878)
– Czech (CZK)	–	–	–	–	602	(602)

	Exposure to foreign currencies (expressed in RMB'000) 30 September 2024					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Cash and cash equivalents	**Trade and other receivables**	**Interest-bearing loans and borrowings**	**Derivative financial instruments**	**Trade and other payables**	**Net exposure**
(unaudited)						
– US Dollar (USD)	415,940	2,775,598	1,247,954	3,052,046	2,715,198	2,280,432
– Euro (EUR)	169,667	366,079	373,569	8,053	959,903	(789,673)
– New Lei (RON)	163,252	69,460	–	–	362,027	(129,315)
– Peso (MXN)	22,857	31,231	–	–	86,697	(32,609)
– Yen (JPY)	12,941	1,947	1,317,585	(782,879)	118,591	(2,204,167)
– Baht (THB)	–	4,845	–	–	7,831	(2,986)
– Pound (GBP)	4,956	11	–	–	2,167	2,800
– Won (KRW)	206	21,353	–	–	2	21,557
– Poland (PLN)	20,515	(115)	–	–	5,906	14,494
– Hungarian (HUF)	3,151	192	–	–	23,962	(20,619)
– Uruguay (UYU)	461	–	–	–	1,958	(1,497)
– Swedish (SEK)	360	(18)	–	–	68	274
– Switzerland (CHF)	–	–	–	–	2,790	(2,790)
– Czech (CZK)	56	2	–	–	579	(521)
– Denar (MKD)	695	903	–	–	964	634
– Real (BRL)	2	–	–	–	12	(10)
– Philippines (PHP)	5,863	–	–	–	18,937	(13,074)
– Rupee (INR)	–	94,520	–	–	–	94,520
– Indonesian (IDR)	–	777	–	–	30	747

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the USD, EUR, RON, MXN, JPY, THB, GBP, KRW, RUB, PLN, HUF, UYU, ARS, SGD, SEK, CHF and CZK would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	For the year ended 31 December 2022			
	Profit after taxation		**Retained earnings**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD (5% movement)	(39,174)	39,174	(39,174)	39,174
EUR (5% movement)	(15,283)	15,283	(15,283)	15,283
RON (5% movement)	(2,169)	2,169	(2,169)	2,169
MXN (5% movement)	(303)	303	(303)	303
JPY (5% movement)	(4,271)	4,271	(4,271)	4,271
THB (5% movement)	(61)	61	(61)	61
GBP (5% movement)	(173)	173	(173)	173
KRW (5% movement)	70	(70)	70	(70)
RUB (5% movement)	17	(17)	17	(17)
PLN (5% movement)	1,028	(1,028)	1,028	(1,028)
HUF (5% movement)	269	(269)	269	(269)
UYU (5% movement)	(1)	1	(1)	1
SEK (5% movement)	(10)	10	(10)	10
CHF (5% movement)	(82)	82	(82)	82
CZK (5% movement)	(16)	16	(16)	16

	For the year ended 31 December 2023			
	Profit after taxation		Retained earnings	
	Strengthening	Weakening	Strengthening	Weakening
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD (5% movement)	(24,637)	24,637	(24,637)	24,637
EUR (5% movement)	6,581	(6,581)	6,581	(6,581)
RON (5% movement)	1,281	(1,281)	1,281	(1,281)
MXN (5% movement)	(1,298)	1,298	(1,298)	1,298
JPY (5% movement)	(3,643)	3,643	(3,643)	3,643
THB (5% movement)	29	(29)	29	(29)
GBP (5% movement)	(38)	38	(38)	38
KRW (5% movement)	528	(528)	528	(528)
PLN (5% movement)	2,967	(2,967)	2,967	(2,967)
HUF (5% movement)	351	(351)	351	(351)
UYU (5% movement)	(32)	32	(32)	32
SEK (5% movement)	17	(17)	17	(17)
CHF (5% movement)	(108)	108	(108)	108
CZK (5% movement)	(23)	23	(23)	23

	For the nine months ended 30 September 2024			
	Profit after taxation		Retained earnings	
	Strengthening	Weakening	Strengthening	Weakening
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)				
USD (5% movement)	85,516	(85,516)	85,516	(85,516)
EUR (5% movement)	(29,613)	29,613	(29,613)	29,613
RON (5% movement)	(4,849)	4,849	(4,849)	4,849
MXN (5% movement)	(1,223)	1,223	(1,223)	1,223
JPY (5% movement)	(82,656)	82,656	(82,656)	82,656
THB (5% movement)	(112)	112	(112)	112
GBP (5% movement)	105	(105)	105	(105)
KRW (5% movement)	808	(808)	808	(808)
PLN (5% movement)	544	(544)	544	(544)
HUF (5% movement)	(773)	773	(773)	773
UYU (5% movement)	(56)	56	(56)	56
SEK (5% movement)	10	(10)	10	(10)
CHF (5% movement)	(105)	105	(105)	105
CZK (5% movement)	(20)	20	(20)	20
MKD (5% movement)	24	(24)	24	(24)
PHP (5% movement)	(490)	490	(490)	490
INR (5% movement)	3,545	(3,545)	3,545	(3,545)
IDR (5% movement)	28	(28)	28	(28)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value measured on a recurring basis				
Financial assets measured at FVPL *(Note 17)*				
– Listed equity securities	46,519	–	–	46,519
– Financial products	–	419,267	–	419,267
– Equity instruments	–	–	84,027	84,027
– Reinsurance of defined benefit plan	–	–	61,246	61,246
– Unsettled consideration of selling 51% shares of JoysonQuin	–	–	562,210	562,210
Derivative financial instruments				
– Foreign currency forward contracts	–	4,737	–	4,737
– Interest rate swaps	–	266,859	–	266,859
Financial assets measured at FVOCI				
– Bills receivable	–	–	151,821	151,821
– Receivables to be factored	–	–	40,149	40,149
	46,519	690,863	899,453	1,636,835
Derivative financial liabilities	–	339	–	339

	31 December 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value measured on a recurring basis				
Financial assets measured at FVPL *(Note 17)*				
– Listed equity securities	54,550	–	–	54,550
– Financial products	–	226,174	–	226,174
– Equity instruments	–	–	150,492	150,492
– Reinsurance of defined benefit plan	–	–	63,098	63,098
Derivative financial instruments				
– Foreign currency forward contracts	–	12,298	–	12,298
– Interest rate swaps	–	170,973	–	170,973
Financial assets measured at FVOCI				
– Bills receivable	–	–	285,585	285,585
– Receivables to be factored	–	–	18,879	18,879
	54,550	409,445	518,054	982,049
Derivative financial liabilities	–	3,671	–	3,671

	30 September 2024			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)				
Fair value measured on a recurring basis				
Financial assets measured at FVPL *(Note 17)*				
– Listed equity securities	49,457	–	–	49,457
– Financial products	–	58,918	–	58,918
– Bond investment	12,490	–	–	12,490
– Equity instruments	–	–	172,894	172,894
– Reinsurance of defined benefit plan	–	–	58,949	58,949
Derivative financial instruments				
– Foreign currency forward contracts	–	–	–	–
– Interest rate swaps	–	93,877	–	93,877
Financial assets measured at FVOCI				
– Bills receivable	–	–	263,500	263,500
– Receivables to be factored	–	–	20,851	20,851
	61,947	152,795	516,194	730,936
Derivative financial liabilities	–	15,924	–	15,924

The fair value of equity instruments is based on their latest available bid price in the market at the measurement date.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates, the current creditworthiness and foreign exchange rate of the swap counterparties.

The fair value of foreign forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

The fair value of receivables to be factored and bills receivables to be endorsed in Level 3 have been calculated by discounting the expected future cash flows. The significant unobservable inputs used by the Group for the valuation are the expected rates of return. The fair values of receivables to be factored and bills receivables to be endorsed approximated to their carrying amounts as at 31 December 2022 and 2023 and 30 September 2024.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022 and 2023 and 30 September 2024 because of the short-term maturities of all these financial instruments.

34 COMMITMENTS

Capital commitments of the Group outstanding at 31 December 2022 and 2023 and 30 September 2024 not provided for in the financial statements were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	462,675	635,969	594,185

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties that had material transactions with the Group

For the years ended 31 December 2022 and 2023 and for the nine months ended 30 September 2023 and 2024, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Joyson Holding Co., Ltd.	Parent company
Ningbo PIA Automation Holding Co., Ltd.	Under common control of ultimate controlling party
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Dongqian Lake Tourist Resort Hanling Development Co., Ltd.	Under common control of ultimate controlling party
Ningbo Junya Hotel Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Junyun Hotel Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Joyson Real Estate Development Co., Ltd.	Under common control of ultimate controlling party
PIA Automation Amberg GmbH	Under common control of ultimate controlling party
PIA Automation Holding GmbH	Under common control of ultimate controlling party
PIA Automation Bad Neustadt GmbH	Under common control of ultimate controlling party
PIA Automation Canada Inc.	Under common control of ultimate controlling party
PIA Automation USA Inc.	Under common control of ultimate controlling party
PIAMEX AUTOMATION, S. de R.L. de C.V.	Under common control of ultimate controlling party

Name of party	Relationship with the Group
AutoIO Technology Co.,LTD	Under common control of ultimate controlling party
Ningbo Hengda High Intelligence Technology Co.,Ltd.	Under common control of ultimate controlling party
Joyson Europe Holding GmbH	Under common control of ultimate controlling party
Ningbo PIA Artificial Intelligence and Humanoid Robotics Research Institute Co., Ltd.	Under common control of ultimate controlling party
Ningbo Joyson Asset Management Co., Ltd.	Under common control of ultimate controlling party
Suzhou SME-CQ AUTOMOTIVE Safety TECHNOLOGY CO. Ltd.	Associates
Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	A joint venture of subsidiaries
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd	Associates
Guangdong Senssun Weighing Apparatus Group Ltd.	Associates
Ningbo Joyson Quin Automotive Trim Co., Ltd.	A subsidiary of associates
Shanghai Joyson Benyuan Automotive Components Co., Ltd	A subsidiary of associates
Ningbo Joyson Quin New Energy Technology Co., Ltd.	A subsidiary of associates
JoysonQuin Automotive Systems GmbH	A subsidiary of associates
JoysonQuin Automotive Systems Mexico S.A. de C.V.	A subsidiary of associates
JoysonQuin Automotive Systems Polska Sp. z o.o.	A subsidiary of associates
JoysonQuin Automotive Systems Romania S.R.L.	A subsidiary of associates
JoysonQuin Automotive Systems North America LLC	A subsidiary of associates
Ningbo JoysonQuin Intelligent Technology Co., Ltd.	A subsidiary of associates
Ningbo Joyson Automotive Trim Technology Co., Ltd.	A subsidiary of associates
Changchun Joyson Automotive Components Co., Ltd.	A subsidiary of associates
Ningbo Joyson New Energy Automotive Technology Co., Ltd.	A subsidiary of associates
Zhu Xuesong	Vice-chairman
Cai Zhengxin	Director
Chen Wei	Director, Executive
Li Junyu	Director, Executive
Liu Yuan	Director, Executive
Zhou Xingyou	Supervisor
Weng Chunyan	Supervisor
Wang Xiaowei	Supervisor
Guo Jishun	Executive
Yu Chaohui	Executive
Fan Jinhong	Director (Resigned)

* The official names of these entities are in Chinese. The English names are for identification purpose only.

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows.

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Salaries, wages and other benefits	18,620	33,808	21,746	25,917
Equity-settled share-based payment	11,406	17,141	12,856	5,134
	30,026	50,949	34,602	31,051

Total remuneration is included in "staff costs" (see Note 6(b)).

(c) Related parties transactions

In addition to those related party transactions disclosed elsewhere in this Accountants' Report, the Group entered into the following material related party transactions for the years ended 31 December 2022 and 2023 and for the nine months ended 30 September 2023 and 2024:

	Years ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Purchase of goods/receiving of services	289,638	358,418	211,696	282,185
– Under common control of ultimate controlling party	263,197	218,011	120,427	146,902
– Associates	26,441	140,407	91,269	135,283
Sale of goods/rendering of services	121,054	57,136	43,492	23,125
– Under common control of ultimate controlling party	2,890	7,400	2,420	2,540
– Associates	111,428	49,055	40,927	19,102
– A joint venture of subsidiaries	6,736	681	145	1,483
Leases				
– The Group as the lessor:	11,403	13,573	10,088	10,484
– The Group as the lessee:	651	–	–	–
Guarantee				
– The Company as the guarantee holder	2,582,150	3,339,650	3,140,650	3,522,150

(d) Balance with related parties

As at 31 December 2022 and 2023 and 30 September 2024, the Group had the following balances with related parties:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Trade in nature			
Trade receivables	26,745	14,145	14,283
Other receivables	23	–	–
Prepayments	47,874	7,149	184
Trade payables	231,093	269,543	254,749
Other payables	–	–	–
Non-trade in nature			
Other receivables	323,729	584,398	223,374
Prepayments	–	55,569	130,414
Trade payables	–	–	366
Other payables	–	10,694	11,258

36 SUBSEQUENT EVENTS

(a) The Company has further increased its shareholding in Senssun subsequent to 30 September 2024. As at 18 December 2024, the Company holds 32,037,000 shares of Senssun, accounting for 24.2566% of its total share capital, and becoming its largest shareholder. Pursuant to this acquisition, the Company has controlled a majority of the board composition of Senssun.

(b) On 15 January 2025, the Board of Directors of the Company approved that the Company will contribute USD195 million to Joyson Auto Safety Holdings S.A. in the form of debt-to-equity swaps. After the capital contribution, the Company holds 6.79% directly and 87.78% indirectly in Joyson Auto Safety Holdings S.A.

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent and ultimate controlling party of the Group to be Mr. Wang Jianfeng, the Company's chairman and legal representative.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 September 2024.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included for illustrative information 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 unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as if the [**REDACTED**] had been completed on 30 September 2024.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as at 30 September 2024 or any future date.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have a retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation, and profit tax, business tax/appreciation tax, stamp duty, and estate duty were referred to the discussion. [**REDACTED**] are urged to consult their financial advisers 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》) (the "**IIT Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on September 10, 1980, and was most recently amended on August 31, 2018, and effective on January 1, 2019, and the *Implementation Regulations of the IIT Law* (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018, and effective on January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. At the same time, according to the *Notice on Issues Concerning Differentiated IIT Policies for Dividends and Bonuses of Listed Companies* (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) issued by the MOF, the SAT and the CSRC on September 7, 2015, and effective on September 8, 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempt from IIT; where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for one month or less, the full amount of such income from dividends shall be included in taxable income; if the individual holds the stocks for one month to one year, 50% of such income from dividends shall be included in taxable income; the aforesaid income is subject to an IIT 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 IIT of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

The PRC and the government of Hong Kong entered into the *Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《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》) (the "**Arrangement**") on August 21, 2006. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. *The Fifth Protocol of the Arrangement between Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《<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》) (the "**Fifth Protocol**"), which effective on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits.

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》) (the "**EIT Law**"), which was promulgated by the SCNPC on March 16, 2007, and was most recently amended with immediate effect on December 29, 2018, and the *Implementing Rules of the EIT Law* (《中華人民共和國企業所得稅法實施條例》) most recently amended on December 6, 2024, the rate of EIT shall be 25%. A non-resident enterprise is generally subject to a 10% EIT on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by 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 *Circular on Issues Relating to the Withholding and Remittance of EIT by PRC Resident Enterprises on Dividends Distributed to Overseas Non-resident Enterprise Shareholders of H Shares* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold EIT at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the *Response to Questions on Levying EIT on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares* (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT and effective on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit EIT 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 or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the *Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements* (《關於執行稅收協定股息條款有關問題的通知》) issued with immediate effect on February 20, 2009.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT 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 but not limited to 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 taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Individual Investors

According to IIT Law and Implementation Regulations of IIT Law, the gains realized from the disposal of equity interests in PRC resident enterprises are subject to an individual income tax rate of 20%. Pursuant to *Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, the income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax since January 1, 1997. On December 31, 2009, the MOF, the SAT 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 Restricted Shares of Listed Companies* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which states that, since January 1, 2010, income derived by individuals from transfer of shares of listed companies issued to the public by the listed companies and transfer of shares of listed companies obtained from the market at 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 Shares of Listed Companies* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by the above three departments on November 10, 2010. On December 27, 2024, the MOF, the SAT and the CSRC jointly issued the *Announcement on the Further Improvement of the Administration of Individual Income Tax on the Transfer of Restricted Shares of Listed Companies by Individuals* (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which was effective on the date of issuance, and any inconsistency with this announcement shall be in accordance with this announcement.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed overseas. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and the Implementation Regulations of EIT Law, a non-resident enterprise is generally subject to EIT at the rate of 10% on PRC-sourced income, including gains derived from disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises 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. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the MOF, SAT and CSRC jointly issued the *Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market* (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the *Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market* (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from EIT according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the "**CSDC**"), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On August 21, 2023, the MOF, the SAT and the CSRC jointly issued the *Announcement on the Continuation of Implementation of Individual Income Tax Policies Relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and Mutual Recognition of Funds between Mainland China and Hong Kong* (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis until December 31, 2027.

Stamp Duty

Pursuant to the *Stamp Duty Law of the PRC* (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and effective on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside the PRC.

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied in the PRC under the PRC laws.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT rate is 25%.

Enterprises that are recognized as high and new technology enterprises in accordance with the *Administrative Measures for the Determination of High and New Tech Enterprises* (《高新技術企業認定管理辦法》) issued by the MOF and the SAT are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay EIT on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to EIT and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added Tax

According to the *Interim Regulations on Value-Added Tax of the PRC* (《中華人民共和國增值稅暫行條例》), which was recently amended with immediate effect on November 19, 2017, and the *Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC* (《中華人民共和國增值稅暫行條例實施細則》), which was recently amended on October 28, 2011 and effective on November 1, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise. On December 25, 2024, the SCNPC promulgated the *Value-Added Tax Law of the People's Republic of China* (《中華人民共和國增值稅法》), which will become effective on January 1, 2026 and the above interim regulations will be abolished.

According to the *Notice on the Adjustment to VAT Rates* (《關於調整增值稅稅率的通知》), which was issued on April 4, 2018 and effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. Subsequently, the MOF, the SAT and the General Administration of Customs of the PRC jointly issued the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (《關於深化增值稅改革有關政策的公告》), which was promulgated on March 20, 2019 and effective on April 1, 2019, to further adjust the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods to 13% and 9%, respectively.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the "**SAFE**"), with the authorization of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The *Regulations on Foreign Exchange Control of the PRC* (《中華人民共和國外匯管理條例》), which was promulgated on January 29, 1996 and was recently amended with immediate effect on August 5, 2008, classifies all international payments and transfers into current account items and capital account items. Current account items 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 the conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital account items, 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 expenditures occur or may occur a material misbalance, 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 *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 effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current account items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the *Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism* (《關於完善人民幣匯率形成機制改革的公告》), which was promulgated by the PBOC and implemented 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 RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the RMB 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 RMB transactions on the following working day.

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 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 shareholders' 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 *Decision of the State Council on Matters including Canceling and Adjusting a Batch of Administrative Approval Items* (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, the approval requirement by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts is cancelled.

Pursuant to the *Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing* (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) which was issued by the SAFE and became effective on December 26, 2014, a domestic company shall, within 15 business days from the date of the completion of its overseas listing issuance, register the overseas listing with the local branch office of SAFE at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the *Circular on Further Simplifying and Improving Foreign Exchange Administration Policies of Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued on February 13, 2015 and was recently amended with immediate effect on December 30, 2019, 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 SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the *Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account* (《國家外匯管理局關於改革和規範資本項目外匯結算管理政策的通知》), which was issued on June 9, 2016 and was recently amended with immediate effect on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital. The tentative percentage of foreign exchange settlement for foreign currency earnings in the capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 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* (《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》) was issued by the SAFE to further expand the scope of settlement for domestic foreign exchange loans with export background under goods trading, allows repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allows settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-Board Trade and Investment* (《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》), which was amended with immediate effect on December 4, 2023. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the *Constitution of the PRC* (《中華人民共和國憲法》) (the "**Constitution**"), which was adopted on December 4, 1982 and was amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system 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 and international treaties of which the PRC Government is a signatory. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "**NPC**") is empowered to exercise the power to formulate and amend basic laws governing state authorities, civil, criminal and other matters in accordance with the *Constitution and the PRC Legislation Law* (《中華人民共和國立法法》) (the "**Legislation Law**"), which was promulgated on March 15, 2000, most recently amended on March 13, 2023 and effective on March 15, 2023. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend part 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 SCNPC is empowered to interpret, enact and amend other laws not required to be enacted by the NPC.

The State Council is the highest organ of the PRC 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 respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their respective administrative areas, subject to the Constitution, laws and administrative regulations. The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities and take the same effect after submitting to the standing committee of the people's congresses of provinces or autonomous regions for approval. The standing committee of the people's congresses of provinces or autonomous regions shall 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 the province or autonomous region concerned. Where conflicts with the rules and regulations of the People's Government of the province or autonomous region concerned are identified in the examination of local regulations of larger cities by the Standing Committee of the people's congresses of provinces or autonomous regions, a decision should be made to deal with the matter. "Larger cities" refer to cities where the people's governments of provinces or autonomous regions are located, cities where special economic zones are located and larger cities as approved by the State Council.

The ministries, committees, the PBOC, the National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate department rules within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. Matters governed by the department 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, municipalities and larger cities may formulate rules based on the laws, administrative regulations and local regulations of such provinces and autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local laws and regulations, autonomous regulations or separate regulations and rules may contravene the Constitution. The authority of laws is greater than administrative regulations, local regulations and rules. The authority of administrative regulations is greater than local regulations and rules. The authority of local regulations is greater than the rules of local government at the same level or at a lower level. The authority of the rules enacted by the people's governments of provinces or autonomous regions is greater than those enacted by the people's government of cities divided into districts or autonomous prefectures within the administrative areas of provinces or autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which has been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, and to annul local regulations that contravene the Constitution, laws and administrative regulations, as well as to annul the autonomous regulations and separate regulations approved by the standing committee of the people's congresses of provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate department rules and rules of local government. The people's congresses of provinces, autonomous regions and municipalities directly under the central government have the power to alter or annul inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution, the power to interpret laws is vested in the SCNPC. Pursuant to the *Decision of the SCNPC Regarding the Strengthening of 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, the Supreme People's Court has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give the interpretation of the administrative regulations and department rules which they have promulgated. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the *Constitution and the Organic Law of the People's Courts of the PRC* (《中華人民共和國人民法院組織法》), which was adopted on July 5, 1979 and was most recently amended on October 26, 2018 and became effective on January 1, 2019, the judicial system of China is composed of the Supreme People's Court, the local People's Court, the military court and other special People's Courts. Local People's Courts are composed of grassroots People's Courts, intermediate People's Courts and higher People's Courts. Grassroots People's Courts may mainly set up civil, criminal, administrative, supervisory and legal enforcement departments. The structure of the intermediate People's Court is similar to that of the grassroots People's Court, and other courts may be set up as required. A higher level People's Court shall supervise the trial work of the People's Court at its lower levels. The Supreme People's Court is the highest judicial organ in China, which has the right to supervise the trial work of People's Courts at all levels and all special People's Courts. The People's Procuratorate also has the right to exercise legal supervision over the trial activities of the People's Court.

For the judgment of cases, the People's Court implements the system whereby the second instance is the final instance. The parties may, in accordance with the procedures prescribed by law, appeal to the People's Court at the next higher level the decision and ruling of the first instance of the local People's Court. The People's Procuratorate may protest to the People's Court at the next higher level in accordance with the procedures prescribed by law. If the parties do not appeal or the People's Procuratorate does not protest within the period of appeal, the judgment and ruling of the first instance of the local People's Court at all levels is the final judgment and ruling with legal effect. The judgment and ruling of the intermediate People's Court, the higher People's Court and the Supreme People's Court of second instance and the Supreme People's Court of first instance are all final. Save for the judgment made by the Supreme People's Court, the death penalty shall be reported to the Supreme People's Court for approval.

The *Civil Procedure Law of the PRC* (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was promulgated by the SCNPC on April 9, 1991, most recently amended on September 1, 2023 and became effective on January 1, 2024, prescribes the provisions for instituting a civil procedure, the jurisdiction of the People's Courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC shall comply with the Civil Procedure Law. In general, a civil case is heard by the court located in the defendant's place of domicile. The competent court may also be selected by express agreement amongst the parties to a contract provided that the court selected is located at the plaintiff's or the defendant's place of domicile, the place of executing or performing the contract or the object of the action. However, the provisions of this Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or foreign enterprise shall have equal procedural rights and obligations as citizens or enterprises of the PRC. Should a juridical system of a foreign country limit the litigation rights of PRC citizens and enterprises, subject to the principle of reciprocity, the PRC courts may apply the same limitations to the citizens and enterprises (in China) of that foreign country. If any party in a civil action refuses to comply with a judgment 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 a stipulated period. Should anyone be unable to execute the judgment of the People's Court within a stipulated period, as a result of any party's application, the People's Court shall enforce such a judgment in accordance with the law.

When a party seeks to enforce a judgment or ruling of a People's Court against a party who is not in China and does not own any property in China, he/she may apply to a foreign court with formal jurisdiction for recognition and enforcement of the judgment or ruling. If the People's Court recognizes the validity of a legally effective judgment or ruling made by a foreign court applying for or requesting recognition and enforcement in accordance with an international treaty concluded or acceded to by China, or after reviewing in accordance with the principle of reciprocity, and considers that it does not violate the basic principles of the law in the PRC or national sovereignty, security or social and public interests, an enforcement order will be issued if enforcement is necessary, and relevant provisions shall be implemented. The People's Court shall not recognize and enforce those who violate the basic principles of the law in the PRC or the sovereignty, security or public interests of the state.

THE PRC COMPANY LAW, TRIAL MEASURES AND THE PRC GUIDELINES ON ARTICLES OF ASSOCIATION

A joint stock company incorporated in the PRC and listed on the Hong Kong Stock Exchange shall mainly comply with the following laws and regulations of the PRC:

The *Company Law of the PRC* (《中華人民共和國公司法》) (the "**PRC Company Law**") was promulgated by the 5th meeting of the Standing Committee of the 8th National People's Congress Session on December 29, 1993 and implemented on July 1, 1994. It was most recently amended on December 29, 2023 and effective on July 1, 2024.

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 Measures**") and its five interpretative guidelines were promulgated by the CSRC on February 17, 2023 effective on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the *Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing* (《監管規則適用指引 — 境外發行上市類第1號》) which was promulgated by the CSRC and implemented on February 17, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the *Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") promulgated by the CSRC on March 16, 2006 and most recently amended with immediate effect on December 15, 2023.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures, and the Guidelines for Articles of Association that are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only in the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the PRC Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provide that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the PRC Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares 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. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the PRC Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, more than half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make a public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at a shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of a resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the PRC Company Law, a company shall not purchase its own shares. Except for the following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stock plans or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the company, the right to demand the company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for the maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the PRC Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of

20 days prior to the convening of the shareholders' meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the PRC Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such a restricted period.

Shareholders

Under the PRC Company Law and Guidelines for Articles of Association, the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;

(iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

(v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders' Meetings

Under the PRC Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the PRC Company Law, annual shareholders' meetings are required to be held once every year. An extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the board;

(v) the supervisory committee proposes to convene the meeting; other circumstances as stipulated in the articles of association.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary shareholders' meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the PRC Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the PRC Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the PRC Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The board exercises the following functions and powers:

(i) to convene shareholders' meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholders' meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(ix) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(x) to formulate a company's basic management system;

(xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be 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 may be exempt from such liability.

Under the PRC Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was 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 such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of the "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' meetings and convene and preside over board meetings;

(ii) to examine the implementation of resolutions of the board;

(iii) to sign the securities issued by a company;

(iv) to exercise other powers conferred by the board.

Supervisors

Under the PRC Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise.

Directors or senior management may not act concurrently as supervisors. The supervisory committee exercises the following powers:

(i) to examine the company's financial affairs;

(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, administrative regulations, the articles of association or resolutions of shareholders' meetings;

(iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(iv) to propose the convening of extraordinary shareholders' meetings, and to convene and preside over shareholders' meetings when the board fails to perform the duty of convening and presiding over shareholders' meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' meeting;

(vi) to initiate legal proceedings against directors and senior management in accordance with the PRC Company Law;

(vii) other functions and powers specified in the articles of association.

Managers and Senior Management

Under the PRC Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercises his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the PRC Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual shareholders' meeting. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve funds if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year's profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up for losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be first used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of 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 falsification of information.

The Guidelines for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situation through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

If the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the People's Court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare a balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the People's Court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the 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).

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The *PRC Securities Law* (《中華人民共和國證券法》) (the "**Securities Law**"), which was promulgated by the SCNPC on December 29, 1998, most recently amended on December 28, 2019 and effective on March 1, 2020, has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of laws and regulations to share issuance and trading as well as information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee shall be responsible for coordinating the drafting of relevant laws and regulations on securities, formulating policies on securities matters, planning the development of the securities market, guiding, coordinating and supervising all institutions involved in securities matters in the PRC and managing the CSRC. The CSRC is the regulatory body of the Securities Committee and is responsible for drafting regulations on the supervision of the securities markets, supervising securities companies, supervising the public issuance of securities by Chinese companies in China or abroad, managing securities trading, compiling statistics on securities, and conducting research and analysis. In 1998, the Securities Committee was abolished by the State Council and its functions were undertaken by the CSRC. The CSRC is also responsible for the regulation and supervision of the national stock and futures markets in accordance with relevant laws, regulations and authorities.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Securities Law took effect on July 1, 1999 and was amended on December 28, 2019 and took effect on March 1, 2020. It was the first national securities law in the PRC, and it is divided into 14 chapters and 226 articles, which include the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law stipulates that domestic enterprises issuing securities directly or indirectly abroad or listing and trading their securities abroad shall comply with the relevant provisions of the State Council. Article 225 of the Securities Law stipulates that the specific terms for subscription and transaction of shares of companies in the PRC in foreign currencies shall be separately stipulated by the State Council. Currently, the issue and trading of foreign-issued securities (including H 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 promulgated by the SCNPC on August 31, 1994, effective on September 1, 1995, most recently amended on September 1, 2017 and effective on January 1, 2018. 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 Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, the 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.

Under the PRC Arbitration Law and the Civil Procedure Law, an arbitral award shall be final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the People's Court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity in the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed 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 all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

According to the Arrangement of the *Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated on 24 January 2000 and effective on February 1, 2000, and the *Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院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》) promulgated on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Set out herein is a summary of the Articles of Association for the main purpose of providing an overview of the Articles of Association to potential investors. As the information contained herein is only a summary, it may not contain all the information that is important to potential investors.

OVERVIEW

This Appendix contains a summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being [**REDACTED**] on the Stock Exchange.

SHARES AND REGISTERED CAPITAL

All the shares issued by the Company are ordinary shares. All the shares issued by the Company are denominated in RMB.

The shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing to the shares shall pay the same price for each share.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase of Shares

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to respective resolution of the shareholders' meeting, by any of the following methods:

(i) a public offering of shares;

(ii) a private placement of shares;

(iii) allotment of bonus shares to existing shareholders;

(iv) conversion of reserve funds to share capital; or

(v) other methods permitted by laws and administrative regulations and approved by the CSRC.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the PRC Company Law, other relevant regulations, as well as the Articles of Association.

Repurchase of Shares

Under the following circumstances, the Company may acquire its own shares in accordance with laws, administrative regulations, departmental rules and the Company's Articles of Association:

(i) to reduce the registered capital of the Company;

(ii) to merge with other companies that hold shares in the Company;

(iii) to use the shares for employee shareholding schemes or as share incentives;

(iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any shareholders' meeting on the merger or division of the Company;

(v) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;

(vi) to safeguard corporate value and shareholders' equity as the Company deems necessary.

Transfer of Shares

The shares of the Company may be transferred in accordance with the law.

The shares of the Company held by a promoter shall not be transferred within one year from the date of the establishment of the Company. The shares issued by the Company before public offering shall not be transferred within one year from the date on which the Company's shares are listed on the stock exchange.

Directors, supervisors and senior management of the Company shall report their shareholding in the Company and changes thereof to the Company, and during their tenure, the shares transferred each year shall not exceed 25% of the total Company shares held by them; the Company shares held by them shall not be transferred within one year from the date when the shares of the Company are listed and traded; within half a year from departure from the Company, the aforesaid persons shall not transfer the Company shares held by them.

If the securities regulatory rules of the place where the Company is listed have other provisions on the transfer restrictions of the Company's shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company shall, on the basis of the certificates provided by the securities registration authority, establish a register of members. The register of members is sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class of shares he/she holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations. The Company shall make available the Hong Kong branch register of shareholders for inspection by shareholders, provided that the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the rules of the securities regulatory authorities of the place where the Company is listed.

When the Company intends to convene a shareholders' meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board of Directors or the convenor of a meeting shall determine an equity record date, and the shareholders registered after the close of the equity record date shall be the shareholders entitled to the relevant rights and interests.

Rights and Obligations of the Shareholders

Shareholders of the ordinary shares of the Company shall enjoy the following rights:

(i) the right to dividends and other distributions in proportion to the number of shares held;

(ii) the right to apply legally for, convene, preside, attend or appoint proxies to attend shareholders' meetings and to exercise the corresponding voting right;

(iii) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(iv) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(v) the right to inspect the Articles of Association, the register of members, corporate bond stubs of the Company, the minutes of shareholders' meetings, resolutions of the Board of Directors and resolutions of the board of supervisors, and financial and accounting reports;

(vi) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(vii) shareholders who object to resolutions of merger or division made by the shareholders' meeting of may request the Company to purchase their shares; and

(viii) such other rights provided by laws, administrative regulations, departmental rules, listing rules of the place where the Company is listed or these Articles of Association.

Shareholders of ordinary shares of the Company shall have the following obligations:

(i) to abide by laws, administrative regulations and the Articles of Association;

(ii) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(iii) not to return shares unless prescribed otherwise in laws and administrative regulations;

(iv) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal person or the limited liability of shareholders to harm the interests of the Company's creditors; and

(v) other obligations that should be assumed under the laws, administrative regulations, the listing rules of the place where the Company is listed and these Articles of Association.

If a shareholder of the Company abuses shareholder rights and causes losses to the Company or other shareholders, he shall bear compensation liability in accordance with the laws. If a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors, he shall be jointly and severally liable for the Company's debts.

General Rules for the Shareholders' Meeting

The shareholders' meeting is the power organ of the Company and exercises the following functions and powers in accordance with the law:

(i) to decide on the operating policies and investment plans of the Company;

(ii) to elect and replace directors and supervisors who are not employee representatives; and to decide on matters relating to their remuneration;

(iii) to review and approve reports of the Board of Directors;

(iv) to review and approve reports of the board of supervisors;

(v) to review and approve the annual financial budgets and final accounts of the Company;

(vi) to review and approve the profit distribution plans and loss recovery plans of the Company;

(vii) to adopt resolutions on increasing or reducing the registered capital of the Company;

(viii) to adopt resolutions on the issuance of bonds of the Company;

(ix) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(x) to amend the Articles of Association;

(xi) to make resolutions on the hiring and dismissal of accounting firms by the Company;

(xii) to review and approve the guarantee matters under Article 40 of the Articles of Association;

(xiii) to review and approve the purchase or the sale of major assets by the Company within one year, and the amount of which exceeds 30% of the latest audited total assets of the Company;

(xiv) to review and approve matters relating to the modification of use of proceeds;

(xv) to review the Company's share incentives schemes and employee shareholding schemes;

(xvi) to review the Company's acquisition of its own shares due to the circumstances specified in items (1) and (2) of paragraph 1 under Article 22 of the Articles of Association; and

(xvii) to view other matters that are required to be resolved by the shareholders' meeting as prescribed by the law, administrative regulations, departmental rules and other securities regulatory rules of the place where the Company is listed or these articles of association.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) the number of directors is less than two-thirds of the number (7) prescribed in the Articles of Association;

(ii) the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(iii) such is requested in writing by a shareholder alone or shareholders jointly holding no less than 10% of the Company's outstanding voting shares;

(iv) the Board of Directors considers it necessary;

(v) the board of supervisors proposes that such a meeting shall be held; or

(vi) other circumstances as specified by laws, administrative regulations, department rules, and other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the extraordinary shareholders' meeting is convened in accordance with the provisions of the securities regulatory rules of the place where the Company is listed, the actual convening date of the extraordinary shareholders' meeting can be adjusted according to the approval progress of the stock exchange where the Company is listed.

Proposals and Notices of Shareholders' Meetings

The contents of proposals shall fall within the authority of shareholders' meetings, have a clear topic and specific resolution, and be in compliance with the laws, administrative regulations and the relevant provisions of the Articles of Association.

The Board of Directors, the board of supervisors and shareholders individually or jointly holding no less than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

Shareholders individually or jointly holding no less than 3% of the shares of the Company may submit interim proposals in writing to the convenor ten days prior to the date of shareholders' meeting. The convenor shall issue a supplemental notice of shareholders' meeting within two days after receipt of the motion, with such interim proposals announced. If the shareholders' meeting needs to be postponed due to the issuance of a supplemental notice of the shareholders' meeting as required by the listing rules of the place where the Company is listed, the convening of the shareholders' meeting shall be postponed in accordance with the provisions of the listing rules of the place where the Company is listed.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the shareholders' meeting, shall neither modify the proposals stated in the notice of shareholders' meetings nor add new proposals.

The convenor shall issue an announcement 21 days prior to the convening of the annual shareholders' meeting to notify every shareholder or 15 days prior to the convening of the extraordinary shareholders' meeting to notify every shareholder.

Notice of the shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) subject matters and proposals submitted for consideration and approval on the meeting;

(iii) particulars shall be in clear text that all shareholders are entitled to attend shareholders' meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

(iv) shareholders are entitled to present on the equity determination date of shareholders' meetings;

(v) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings; and

(vi) online or other means of voting time and voting procedures.

Holding of Shareholders' Meetings

All shareholders or their proxies of the Company registered on the register of members on the equity record date shall have the right to attend shareholders' meetings and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.

Shareholders may attend a shareholders' meeting in person and may appoint a proxy to attend and vote on their behalf.

Shareholders' meetings shall be presided over by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the vice chairman of the Board of Directors presides over the shareholders' meeting; when the vice chairman of the Board of Directors is unable or fails to perform his/her duties, a director shall be jointly elected by more than half of the directors to preside over the meeting.

Voting and Resolutions of Shareholders' Meeting

Resolutions of the shareholders' meeting include ordinary resolutions and special resolutions. Ordinary resolution at a shareholders' meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights. Special resolution at a shareholders' meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shares in the Company which are held by the Company do not carry any voting rights, and such shares shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' meeting.

Decisions of the shareholders' meeting on any of the following matters shall be adopted by special resolution:

(i) the increase or reduction of the registered capital by the Company;

(ii) the Company acquires its own shares in accordance with the circumstances specified in Article 22, Paragraph 1, Items (1) and (2) of the Articles of Association;

(iii) the division, spin-off, merger, dissolution and liquidation of the Company;

(iv) the amendment to the Articles of Association;

(v) the share incentive schemes;

(vi) the purchase or the sale of major assets by the Company within one year, or the guarantee amount of which exceeds 30% of the latest audited total assets of the Company;

(vii) other matters that are stipulated by laws, administrative regulations, the Articles of Association of the Company or the securities regulatory rules of the place where the Company is listed, and are recognized by the shareholders' meeting through an ordinary resolution as having a significant impact on the Company and requiring adoption by a special resolution.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they held, with one vote for each share.

When the shareholders' meeting considers major matters affecting the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately. The results of the separate vote counting shall be publicly disclosed in a timely manner.

Shares in the Company 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 present at a shareholders' meeting.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors are elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term. The term of office for a director is 3 years, and upon expiration, re-election is possible in accordance with the regulations of the securities regulatory authority where the Company's stock is listed.

The term of office of a director shall commence on the date of taking office and end on the expiration of the term of the current session of the Board. If a director is not re-elected in a timely manner upon the expiration of his term of office, the former director shall perform his duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association before the re-elected director takes office.

The directors may be held concurrently by the general manager or other senior management members, but the total number of directors who concurrently hold the positions of general manager or other senior management and the directors who are serving as employee representatives shall not exceed one-half of the total number of directors of the Company.

The directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to the Company:

(i) shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of the Company;

(ii) shall not misappropriate the Company's funds;

(iii) shall not open an account for depositing the Company's assets or funds in its own name or in the name of another individual;

(iv) shall not violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees for others with the Company's property without the consent of a shareholders' meeting or the Board of Directors;

(v) shall not enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of a shareholders' meeting;

(vi) without the consent of a shareholders' meeting, he/she shall not take advantage of his position to seek business opportunities for himself or others that should belong to the Company, or to operate the same kind of business as that of the Company for himself or for others;

(vii) shall not accept commissions as theirs' from transactions conducted by the others and the Company;

(viii) shall not disclose the Company's secrets without authorization;

(ix) shall not make use of the affiliated relationship to prejudice the interests of the Company; or

(x) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules, the Articles of Association, and the securities regulatory rules where the Company's stock is listed.

Any income derived by a director from violation of the provisions of the preceding paragraph shall belong to the Company; for any resulting loss to the Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to the Company:

(i) shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business license;

(ii) shall treat all Shareholders fairly;

(iii) shall keep abreast of the Company's business operation and management;

(iv) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall truthfully provide relevant information and materials to the board of supervisors, and shall not hinder the board of supervisors or the supervisors from performing their duties; and

(vi) other diligence obligations stipulated by laws, administrative regulations, departmental rules, the Articles of Association, and the securities regulatory rules where the Company's stock is listed.

Board of Directors

The Company shall set up a Board of Directors, which shall be responsible for the shareholders' meeting.

The Board of Directors shall consist of ten directors. The Board of Directors shall consist of one chairman and one vice-chairman.

The Board of Directors exercises the following functions and powers:

(i) to convene shareholders' meetings and report to the shareholders' meetings;

(ii) to implement resolutions of the shareholders' meetings;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the annual financial budgets and final accounts of the Company;

(v) to formulate the Company's profit distribution plans and plans on making up losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and the listing of shares of the Company;

(vii) formulate plans for major acquisitions of the Company, the repurchase of the Company's shares as stipulated in Article 22, Items (1) and (2), of these Articles of Association, or plans for mergers, divisions, and dissolutions;

(viii) in compliance with the securities regulatory rules where the Company's stock is listed, decide on matters related to the repurchase of Company shares as stipulated in Article 22, Items (3), (5), and (6), of these Articles of Association;

(ix) within the scope of the authorization granted by the shareholders' meeting, decide on matters such as the Company's external investments, acquisition and sale of assets, asset mortgages, external guarantees, entrusted financial management, related party transactions, and external donations;

(x) to decide on the establishment of internal management organs of the Company;

(xi) to appoint or dismiss the president of the Company and the secretary of the Board of Directors, and to decide on matters regarding their remunerations, rewards and punishments; based on the nomination of the president, to appoint or dismiss senior management personnel such as the vice president and the chief financial officer of the Company, and to decide on matters regarding their remunerations, rewards and punishments;

(xii) to formulate the basic management system of the Company;

(xiii) to formulate proposals to amend the Articles of Association;

(xiv) to manage information disclosure of the Company;

(xv) to propose to the shareholders' meeting the appointment or replacement of the accounting firm that provides audit services to the Company;

(xvi) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company; and

(xvii) the annual shareholders' meeting of the Company may authorize the Board of Directors to decide on the issuance of financing with a total amount not exceeding RMB300 million and not more than 20% of the net assets at the end of the most recent fiscal year to specific objects. This authorization shall expire on the date of the next annual shareholders' meeting;

(xviii) other duties stipulated by laws, administrative regulations, the Articles of Association, and the securities regulatory rules where the Company's stock is listed, as well as other powers granted by the Articles of Association.

Meetings of the Board of Directors may be held only if more than one half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all directors. Vote on the Board of Directors resolution shall be carried out on the basis of one person one vote.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager, who is appointed or dismissed by the Board of Directors. The Company also has several vice presidents, nominated by the general manager and appointed by the Board of Directors. The president, vice presidents, chief financial officer and secretary of the Board of Directors of the Company are the senior management personnel of the Company.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(ii) to organize the implementation of the Company's annual business plans and investment plans;

(iii) to draft plans for the establishment of the Company's internal management organization;

(iv) to draft the Company's basic management system;

(v) to formulate the specific rules and regulations of the Company;

(vi) to propose to the Board of Directors appointment or dismissal of the vice president and the person in charge of finance of the Company;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors; and

(viii) such other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall be present at the meetings of the Board of Directors.

The Company shall have a secretary to the Board of Directors, whose primary responsibilities include preparing shareholders' meetings and Board meetings of the Company, maintaining documents and managing shareholder information of the Company, and handling the information disclosure of the Company, investor relations work and other matters.

BOARD OF SUPERVISORS

The Company shall establish a board of supervisors. The board of supervisors shall consist of three supervisors, including shareholder representatives and an appropriate proportion of employee representatives, with the proportion of employee representatives not less than one-third.

The board of supervisors shall appoint a chairman, who shall be elected by more than half of the supervisors. The chairman of the board of supervisors convenes and presides over the meetings of the board of supervisors; if the chairman of the board of supervisors is unable to perform his duties or fails to perform his duties, more than half of the board of supervisors shall jointly elect a supervisor to convene and preside over the meetings of the supervisory board.

The board of supervisors exercises the following functions and powers:

(i) to review and give written opinions on the Company's periodic reports prepared by the Board of Directors;

(ii) to examine the Company's financial matters;

(iii) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violate laws, administrative regulations, the Articles of Association of the Company or the resolutions of the shareholders' meeting;

(iv) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(v) to propose the convening of extraordinary shareholders' meetings; to convene and preside over the shareholders' meetings in the event that the Board of Directors fails to perform its duties to convene and preside the shareholders' meetings;

(vi) to submit proposals to the shareholders' meetings;

(vii) in accordance with the PRC Company Law, to institute legal proceedings against directors and senior management personnel; and

(viii) in case of any queries or any abnormal matters during the business operation of the Company, to investigate and if necessary, to engage professionals such as accounting firms or law firms to assist it in exercising its functions and powers with expenses being borne by the Company.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTIONS AND AUDITING

Financial and Accounting Systems

The Company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council.

The Company's fiscal year follows the Gregorian calendar year, which means it starts from January 1st and ends on December 31st of each year.

Within four months after the end of each fiscal year, the Company shall submit and disclose the annual report to CSRC and the stock exchange where the Company is listed. Within two months after the end of the first six months of each fiscal year, the Company shall submit and disclose the semi-annual report to the local branch of CSRC and the stock exchange where the Company is listed. Within one month after the end of the first three months and the first nine months of each fiscal year, the Company shall submit and disclose the quarterly reports to the local branch of CSRC and the stock exchange where the Company is listed.

The aforementioned regular reports shall be prepared in accordance with relevant laws, administrative regulations, regulations of the CSRC, and the rules of the stock exchange where the Company is listed.

Profit Distributions

The profit distribution policy of the Company is as follows:

(i) Basic principles of the Company's profit distribution policy

The Company implements an active profit distribution policy, attaches great importance to reasonable investment returns for shareholders, and the profit distribution policy should maintain continuity and stability.

(ii) Details of the profit distribution policy

(1) Form of profit distribution

The Company may distribute dividends in cash, stocks or a combination of cash and stocks, and give priority to profit distribution in cash, where eligible.

(2) Specific conditions and proportion of cash dividends: The Company mainly adopts a profit distribution policy of cash dividends. That is, on the premise that the Company is profitable and its cash can meet the Company's continuous operation and long-term development, and if there is distributable profit after making up losses and extracting statutory reserves in accordance with the laws, then the Company shall distribute cash dividends.

The Board of Directors of the Company shall, taking into account factors such as the characteristics of the industry it is in, the stage of development, its own business model, the level of profitability, the ability to repay debts, whether there are arrangements for major capital expenditures, and returns to investors. It should distinguish the following situations and, in accordance with the procedures stipulated in the Articles of Association of the Company, put forward a differentiated cash dividend policy.

(i) If the Company's development stage is mature and there is no arrangement for significant capital expenditure, when profit distribution is made, the proportion of cash dividends in the profit distribution shall be at least 80%;

(ii) If the Company's development stage is mature and there are arrangements for significant capital expenditures, when profit distribution is made, cash dividends shall be at least 40% of the profit distribution;

(iii) If the Company is in the growth stage and has significant capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be at least 20%.

The stage of development that the Company is in shall be determined by the Board of Directors of the Company according to specific circumstances.

If it is not easy to distinguish the stage of development of the Company but there are arrangements for significant capital expenditures, it can be handled in accordance with the provisions of the preceding item.

When the Company's accumulated undistributed profits exceed 120% of the total share capital of the Company, the Company may distribute profits in the form of stock dividends. When determining the specific amount of stock dividends, the Company should fully consider whether the total share capital of the Company after the distribution of stock dividends is in line with the current business scale and the speed of profit growth of the Company, and also consider the impact on the cost of future debt financing, so as to ensure that the distribution plan conforms to the overall interests of all shareholders.

The Company generally conducts annual dividends, and the Board of Directors may also propose interim cash dividends based on the Company's funding requirements.

When the Company holds the annual shareholders' meeting to review the annual profit distribution plan, it can review and approve the conditions, the upper limit of the proportion, the upper limit of the amount, etc. of the interim cash dividends in the next year. The upper limit of the interim dividends in the next year reviewed by the annual shareholders' meeting should not exceed the net profit attributable to the Company's shareholders during the corresponding period. The Board of Directors shall formulate specific interim dividend distribution plans under the condition of conforming to the profit distribution according to the resolutions of the shareholders' meeting.

The Board of Directors of the Company shall disclose the profit distribution plan and the usage plan arrangements or principles of the retained undistributed profits in the regular reports. The undistributed profits retained after the completion of the profit distribution of the Company in the current year shall be used to develop the Company's main business.

Internal Auditing

The Company implements an internal audit system and is equipped with full-time auditors to conduct internal audit supervision on the Company's financial revenue expenditures and economic activities.

The Company's internal audit system and the responsibilities of the auditors should be implemented after approval by the Board of Directors. The head of the audit department is accountable to and reports to the audit committee of the Board of Directors.

MERGER, DIVISION, INCREASE OF CAPITAL, REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger, Division, Increase of Capital and Reduction of Capital of the Company

In a merger of companies, the Company shall execute a merger agreement and prepare the balance sheet and property list. The Company shall notify their creditors within ten days of adopting merger resolutions, and shall publish the announcement within 30 days on the Shanghai Securities News and HKEX news website (www.hkexnews.hk). Creditors shall be entitled to claim full repayment of all debts owed by the Company or require that appropriate assurances be provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor does not receive the notice.

In the event of a merger of companies, the debts and liabilities of the merging parties shall be assumed by the surviving Company or the newly established Company after the merger.

If the Company is to be divided, its assets shall be divided accordingly.

In a division of the Company, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within ten days of the date on which the division resolution is adopted, and shall publish the announcement within 30 days on the Shanghai Securities News and the HKEX news website (www.hkexnews.hk).

The debts of a Company prior to its separation shall be jointly and severally liable to the Company after separation. However, unless otherwise agreed in the written agreement reached between the Company and the creditors on the settlement of debts before the separation.

When the Company needs to reduce its registered capital, it must prepare the balance sheet and property list.

The Company shall notify its creditors within 10 days as of the date of making the resolution on reducing the registered capital, and shall announce it on Shanghai Securities News and the HKEX news website (www.hkexnews.hk) within 30 days. Creditors shall be entitled to claim full repayment of all debts owed by the Company or require that appropriate assurances be provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor does not receive the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum limit.

Dissolution and Liquidation of the Company

The Company shall be dissolved in accordance with the law under any of the following circumstances:

(i) the term of business operation expires as specified by the Articles of Association or other matters leading to dissolution occur as specified by the Articles of Association;

(ii) the shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary as a result of the merger or division of the Company;

(iv) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws; or

(v) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

In the event of the circumstances specified in Article 181(1) and (2) of the Articles of Association, and if the property has not been distributed to the shareholders, the Company may continue its existence by amending the Articles of Association.

Amendments to the Articles of Association in accordance with the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. If the Company is dissolved due to the reasons specified in Article 181(1), (2), (4), and (5) of these Articles of Association, a liquidation committee shall be established within 15 days to commence liquidation. The liquidation committee shall be composed of directors or persons determined by the shareholders' meeting. If a liquidation committee is not formed to carry out liquidation within the time limit, creditors may apply to the People's Court to appoint relevant persons to form a liquidation committee to carry out the liquidation.

The liquidation committee shall notify creditors within ten days of its establishment, and shall announce it on Shanghai Securities News and the HKEX news website (www.hkexnews.hk) within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay the debts to creditors.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' meeting or the People's Court where the Company is registered for confirmation.

The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold. During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court where the Company is registered.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(i) after the PRC Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company is listed are amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, or securities regulatory rules;

(ii) the circumstances of the Company have changed, which are inconsistent with the matters recorded in the Articles of Association; or

(iii) the shareholders' meeting decides to amend the Articles of Association.

If the matters regarding the amendment of the Articles of Association approved by the resolutions of the shareholders' meeting involve the items subject to Company registration, the alteration registration shall be handled in accordance with the laws.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

Incorporation

Our Company was established under the PRC laws under the name of Liaoyuan Deheng Company Limited (遼源得亨股份有限公司) on August 7, 1992 and completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 600699.SH) on December 6, 1993. On January 29, 2014, our Company was renamed as Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司). As of the Latest Practicable Date, the total share capital of the Company was RMB1,408,701,543 comprising 1,408,701,543 A Shares of nominal value of RMB1.00 each.

Our principal place of business in Hong Kong is at 31/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on November 27, 2024. Ms. Yu Wing Sze has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong whose address for service of process is 31/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V to this document, respectively.

Changes in Share Capital of our Company

The following sets out the changes in the share capital of our Company within two years immediately preceding the date of this document:

(a) On July 13, 2023, our Company issued and allotted 40,616,919 A Shares to Joyson Group. As a result, our total share capital was increased to RMB1,408,701,543 comprising 1,408,701,543 A Shares. See "History, Development and Corporate Structure";

(b) A repurchase mandate for the repurchase of A Shares for the purpose of our Employee Incentive Scheme was approved by the twelfth meeting of the eleventh session of the Board on February 19, 2024. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of November 5, 2024, the repurchase of A Shares was completed under the repurchase mandate with a total of 12,664,015 A Shares repurchased between February 22, 2024 and November 5, 2024, at an average price of RMB15.33 per A Share. Any repurchased A Shares not granted for the purposes of employee stock ownership plan or share incentive within 36 months after the completion of the repurchase shall be cancelled; and

(c) A repurchase mandate for the repurchase of A Shares for the purpose of decreasing our Company's share capital was approved by the twenty-sixth meeting of the eleventh session of the Board on November 5, 2024, which was further approved by the extraordinary Shareholders' general meeting on December 23, 2024. The repurchase mandate was valid for 12 months from the date of approval by the Shareholders' general meeting, subject to a repurchase price of up to RMB24 per A Share and a total repurchase amount ranging from RMB150 million to RMB300 million. The repurchased A Shares shall be cancelled after the completion of the repurchase.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

Resolutions of our Shareholders

At the extraordinary general meeting of the Shareholders held on December 23, 2024, the following resolutions, among other things, were duly passed:

(a) the [**REDACTED**] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H Shares to be [**REDACTED**] before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the enlarged share capital of our Company upon completion of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

Changes in the Share Capital of Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see "Waivers from Strict Compliance with the Listing Rules — Waiver in respect of alteration in share capital" in this document.

The following changes in the share capital of our Major Subsidiaries took place within the two years immediately preceding the date of this document:

Equipo Automotriz Americana, S.A. de C.V.	On December 20, 2023, the registered capital of Equipo Automotriz Americana, S.A. de C.V. was decreased from MXN$422,215,091.78 to MXN$212,708,865.32
Ningbo Joyson Safety	On June 14, 2023, the registered capital of Ningbo Joyson Safety was increased from RMB800,000,000 to RMB866,870,584.36
	On March 5, 2024, the registered capital of Ningbo Joyson Safety was increased from RMB866,870,584.36 to RMB1,079,930,584.36

Save as disclosed above, there has been no alteration in the share capital of the Major Subsidiaries of the Company within two years immediately preceding the date of this document.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this document and is or may be material:

(a) the [**REDACTED**].

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Rights holder	Category	Registration number	Expiration date
1 . . .	均联智及	PRC	Ningbo JOYNEXT	38	64151905	October 13, 2032
2 . . .	Nesinext	PRC	Ningbo JOYNEXT	35	64143522	October 13, 2032
3 . . .	JOYNEXT	PRC	Ningbo JOYNEXT	38	49858183	January 20, 2032
4 . . .	JOYNEXT	PRC	Ningbo JOYNEXT	9	49359739	April 6, 2031
5 . . .	JOYNEXT	PRC	Ningbo JOYNEXT	35	49381159	April 6, 2031
6 . . .	均 联 智 行	PRC	Ningbo JOYNEXT	42	44321385	November 6, 2030
7 . . .	JOYNEXT	PRC	Ningbo JOYNEXT	42	44239413A	May 27, 2031
8 . . .	JOYNEXT	PRC	Ningbo JOYNEXT	38	44220474	June 13, 2031
9 . . .	均 联 智 行	PRC	Ningbo JOYNEXT	9, 38	44234310	January 13, 2031
10 . .	Preh Car Connect	PRC	Ningbo Preh Joyson	42	20815899	June 27, 2028
11 . .	Preh Car Connect	PRC	Ningbo Preh Joyson	38	20815836	September 20, 2027
12 . .	PREH	PRC	Ningbo Preh Joyson	38	20815775	September 20, 2027
13 . .	PREH	PRC	Ningbo Preh Joyson	35	20815672	September 20, 2027
14 . .	Preh Car Connect	PRC	Ningbo Preh Joyson	9	20815668	April 13, 2028
15 . .	Preh Car Connect	PRC	Ningbo Preh Joyson	35	20815656	September 20, 2027

No.	Trademark	Place of registration	Rights holder	Category	Registration number	Expiration date
16 . .	PREH	PRC	Ningbo Preh Joyson	42	20815645	September 20, 2027
17 . .	PREH	PRC	Ningbo Preh Joyson	9	20815497	September 20, 2027

Copyright

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Copyright owner	Registration number	Date of registration
1 . . .	JOYNEXT augmented reality engine AR Core software (均聯智行增強現實引擎AR Core軟件)	Ningbo JOYNEXT	2022SR1239922	August 23, 2022
2 . . .	JOYNEXT multi-modal interaction system (均聯智行多模態交互系統)	Ningbo JOYNEXT	2022SR0961351	July 22, 2022
3 . . .	Joyson Preh intelligent auto interconnection V2X collision warning software (均勝普瑞智能車聯V2X碰撞預警軟件)	Ningbo JOYNEXT	2019SR0698908	July 8, 2019
4 . . .	Joyson Preh intelligent auto interconnection audio HAL software (android version) (均勝普瑞智能車聯音頻HAL軟件(安卓版))	Ningbo JOYNEXT	2019SR0701054	July 8, 2019
5 . . .	JOYNEXT JEX Framework software (均聯智行JEX Framework軟件)	Ningbo JOYNEXT	2022SR1240091	August 23, 2022
6 . . .	JOYNEXT online multimedia software (均聯智行在線多媒體軟件)	Ningbo JOYNEXT	2022SR1239973	August 23, 2022
7 . . .	JOYNEXT intelligent cockpit system (均聯智行智能座艙系統)	Ningbo JOYNEXT	2022SR0961350	July 22, 2022

No.	Copyright	Copyright owner	Registration number	Date of registration
8 . . .	JOYNEXT in-car device online connected security account system (均聯智行車機在線互聯安全賬戶系統)	Ningbo JOYNEXT	2022SR0717707	June 8, 2022
9 . . .	JOYNEXT in-car device OTA online upgrade system (均聯智行車機OTA在線升級系統)	Ningbo JOYNEXT	2022SR0717710	June 8, 2022
10 . .	JOYNEXT in-car device online application management system (均聯智行車機在線應用程序管理系統)	Ningbo JOYNEXT	2022SR0717711	June 8, 2022
11 . .	JOYNEXT dual-system music and media control and communication software (均聯智行雙系統音樂媒體控制通信軟件)	Ningbo JOYNEXT	2022SR0228551	February 15, 2022
12 . .	JOYNEXT dual-system data embedding collection system (均聯智行雙系統數據埋點收集系統)	Ningbo JOYNEXT	2022SR0229131	February 15, 2022
13 . .	JOYNEXT on-board entertainment system (均聯智行車載娛樂系統)	Ningbo JOYNEXT	2020SR0713836	July 2, 2020
14 . .	JOYNEXT map-based V2X warning system (均聯智行基於地圖的V2X預警系統)	Ningbo JOYNEXT	2020SR0654634	June 19, 2020
15 . .	Joyson Preh intelligent auto interconnection vehicle-man-road-cloud intelligent collaboration system (均勝普瑞智能車聯車人路雲智能協同系統)	Ningbo JOYNEXT	2019SR0702155	July 8, 2019

No.	Copyright	Copyright owner	Registration number	Date of registration
16 . .	JOYNEXT intelligent auto interconnection BOX cycle DOIP upgrade software (均聯智行智能車聯BOX循環DOIP升級軟件)	Ningbo JOYNEXT	2022SR1549168	November 18, 2022
17 . .	JOYNEXT power management system (均聯智行電源管理系統)	Ningbo JOYNEXT	2022SR1576457	December 16, 2022
18 . .	JOYNEXT cross-chip RPC communication middleware (均聯智行跨芯片RPC通信中間件)	Ningbo JOYNEXT	2024SR0716577	May 27, 2024
19 . .	JOYNEXT DLNA casting middleware (均聯智行DLNA投屏中間件)	Ningbo JOYNEXT	2024SR0714120	May 24, 2024
20 . .	Intelligent cockpit software platform based on automotive-grade chip (基於車規級芯片的智能座艙軟件平台)	Ningbo JOYNEXT	2023SR0276876	February 24, 2023
21 . .	A real-time vibration waveform control software with heat accumulation algorithm (一種具備熱累積算法的振動波形實時控制軟件)	Ningbo Preh Joyson	2024SR1332414	September 9, 2024
22 . .	A keystroke detection software that complies with high-level functional safety (一種符合高等級功能安全的按鍵檢測軟件)	Ningbo Preh Joyson	2024SR1296759	September 3, 2024
23 . .	An in-car hall sensor driver software (一種車內霍爾傳感器驅動軟件)	Ningbo Preh Joyson	2024SR1279810	August 30, 2024

No.	Copyright	Copyright owner	Registration number	Date of registration
24 . .	A dynamic pseudo-random number seed generation algorithm software (一種動態僞隨機數種子生成算法軟件)	Ningbo Preh Joyson	2024SR1280478	August 30, 2024
25 . .	A pressure sensing calculator for touch keys that complies with functional safety standard of ISO26262 (一種符合ISO26262功能安全標準的觸摸按鍵壓力感應計算軟件)	Ningbo Preh Joyson	2024SR1280471	August 30, 2024
26 . .	New energy vehicle battery state of charge calculation and power prediction software (新能源汽車電池充電狀態計算與功率預測軟件)	Ningbo Preh Joyson	2022SR1372890	September 26, 2022
27 . .	New energy vehicle battery management system low voltage battery protection software (新能源汽車電池管理系統低壓電池保護軟件)	Ningbo Preh Joyson	2022SR1370449	September 23, 2022
28 . .	A multi-function steering wheel switch control software based on LIN communication (一種基於LIN通訊的多功能方向盤開關控制軟件)	Ningbo Preh Joyson	2022SR1270958	August 24, 2022
29 . .	A multiple RGB light effect software for smart surfaces (一種適用於智能表面的多種RGB燈效軟件)	Ningbo Preh Joyson	2022SR1188031	August 18, 2022
30 . .	An isolation control software for on-screen passive overhead knobs (一種適用於屏上無源懸空旋鈕的隔空控制軟件)	Ningbo Preh Joyson	2022SR1188030	August 18, 2022

No.	Copyright	Copyright owner	Registration number	Date of registration
31 . .	JSS production line data processing software (JSS產線數據處理軟件)	Ningbo Joyson Safety	2021SR0804094	June 1, 2021
32 . .	Joyson MES auxiliary management platform software (均勝MES輔助管理平台軟件)	Ningbo Joyson Safety	2021SR0623643	April 29, 2021
33 . .	Joyson MES auxiliary operation software (均勝MES輔助操作軟件)	Ningbo Joyson Safety	2021SR0623649	April 29, 2021
34 . .	Procedure for mapping the protective zone of side air curtains for passenger cars (乘用車側氣簾保護區域繪製程序)	Ningbo Joyson Safety	2024SR0096069	January 15, 2024

Patents

As of 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	Patentee	Place of registration	Patent number	Application date
1 . . .	A data management method of on-board vehicle recording device and in-car device (一種車載行車記錄裝置的數據管理方法及車機)	Ningbo JOYNEXT	PRC	ZL202210874015.5	July 25, 2022
2 . . .	On-board multi-screen display control method and on-board device (車載多屏顯示控制方法及車載裝置)	Ningbo JOYNEXT	PRC	ZL202311175673.6	September 13, 2023
3 . . .	APP same screen display method and system based on dual system (基於雙系統的APP同屏顯示方法及系統)	Ningbo JOYNEXT	PRC	ZL202110711187.6	June 25, 2021
4 . . .	Method and device for capturing automatically recalled on-board image acquisition device (自動調用車載圖像採集裝置的拍攝方法及設備)	Ningbo JOYNEXT	PRC	ZL202211058799.0	August 30, 2022
5 . . .	Method and system for providing online service of an on-board application to a user (向用戶提供車載應用的線上服務的方法及系統)	Ningbo JOYNEXT	PRC	ZL202210739701.1	June 28, 2022
6 . . .	A verification method and device based on the multi-operating system of an in-car device (一種基於車機多操作系統的驗證方法及裝置)	Ningbo JOYNEXT	PRC	ZL202210436796.X	April 25, 2022

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
7 . . .	Lane-level positioning method and electronic device (車道級定位方法及電子設備)	Ningbo JOYNEXT	PRC	ZL202111191826.7	October 13, 2021
8 . . .	Automatic parking control method and system based on user intention (基於用戶意向的自動泊車控制方法及系統)	Ningbo JOYNEXT	PRC	ZL202210007508.9	January 6, 2022
9 . . .	A method and device for push notifications of OTA upgrade messages (一種OTA升級消息的推送方法及裝置)	Ningbo JOYNEXT	PRC	ZL202210117586.4	February 8, 2022
10 . .	ADAS automatic switch-on method and device (ADAS自動開啟方法及裝置)	Ningbo JOYNEXT	PRC	ZL202111433201.7	November 29, 2021
11 . .	A method and electronic device for automatic vehicle locking (一種自動鎖車的方法及電子設備)	Ningbo JOYNEXT	PRC	ZL202111158474.5	September 30, 2021
12 . .	Layer processing method and vehicle system based on multi-operating system (基於多操作系統的圖層處理方法及車機系統)	Ningbo JOYNEXT	PRC	ZL202110895384.8	August 5, 2021
13 . .	An early warning method for vehicle collision and a vehicle control system (一種車輛碰撞的預警方法及車輛控制系統)	Ningbo JOYNEXT	PRC	ZL202110807619.3	July 16, 2021
14 . .	An on-board user account login method and system (一種車載用戶賬號登錄方法及系統)	Ningbo JOYNEXT	PRC	ZL202110623362.6	June 4, 2021

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
15 . .	A network access method based on multiple operating systems and vehicle system (一種基於多個操作系統的網絡訪問方法及車機系統)	Ningbo JOYNEXT	PRC	ZL202110099521.7	January 25, 2021
16 . .	Heartbeat detection method between multi-operating systems and vehicle system (多操作系統間的心跳檢測方法及車機系統)	Ningbo JOYNEXT	PRC	ZL202110506905.6	May 10, 2021
17 . .	An on-board AR.HUD gesture interaction method and system (一種車載AR.HUD的手勢交互方法和系統)	Ningbo JOYNEXT	PRC	ZL202011495637.4	December 17, 2020
18 . .	A method and device for transmitting virtual lane information (一種虛擬車道信息的傳輸方法及裝置)	Ningbo JOYNEXT	PRC	ZL202110364922.0	April 6, 2021
19 . .	Sample acquisition method, training method, device and system for autonomous driving model (自動駕駛模型用樣本獲取方法、訓練方法、裝置及系統)	Ningbo JOYNEXT	PRC	ZL202011129255.X	October 21, 2020
20 . .	An AR.HUD display method and system incorporating V2X information (一種融合V2X信息的AR.HUD顯示方法和系統)	Ningbo JOYNEXT	PRC	ZL202010850072.0	August 21, 2020

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
21 . .	An on-board data recording system and vehicle (一種車載數據記錄系統及車輛)	Ningbo JOYNEXT	PRC	ZL202323069647.3	November 14, 2023
22 . .	A kind of anti-collision cushioning device and on-board equipment (一種防撞緩衝裝置及車載設備)	Ningbo JOYNEXT	PRC	ZL202322898781.8	October 27, 2023
23 . .	Power supply chip protection circuit and on-board T.BOX (電源芯片保護電路及車載T.BOX)	Ningbo JOYNEXT	PRC	ZL202322009595.4	July 28, 2023
24 . .	A kind of anti-collision cushioning device and on-board-mounted equipment (一種防撞緩衝裝置及車載設備)	Ningbo JOYNEXT	PRC	ZL202320232029.7	February 16, 2023
25 . .	Microphone interface protection circuit, microphone interface circuit and vehicle intelligent cockpit (麥克風接口保護電路、麥克風接口電路及車輛智能座艙)	Ningbo JOYNEXT	PRC	ZL202221546425.9	June 20, 2022
26 . .	A dual-band WiFi antenna and a wireless communication device (一種雙頻段的WiFi天線及無線通信裝置)	Ningbo JOYNEXT	PRC	ZL202221762647.4	July 6, 2022
27 . .	A kind of heat dissipation structure and in-car device (一種散熱結構及車機)	Ningbo JOYNEXT	PRC	ZL202220634558.5	March 22, 2022

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
28 . .	A kind of vehicle fan noise reduction structure and vehicle (一種車機風扇降噪結構及車機)	Ningbo JOYNEXT	PRC	ZL202220991091.X	April 26, 2022
29 . .	A vehicle comprising an on-board antenna structure (一種包含有板載天線結構的車機)	Ningbo JOYNEXT	PRC	ZL202220988213.X	April 26, 2022
30 . .	On-board boxes and vehicles (車載盒子及車輛)	Ningbo JOYNEXT	PRC	ZL202120848422.X	April 23, 2021
31 . .	Feedback system control method, feedback system and vehicle (反饋系統控制方法、反饋系統和車輛)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202210667806.0	June 14, 2022
32 . .	A vehicle input anti-reverse circuit (一種車用輸入防反接電路)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202110641336.6	June 9,2021
33 . .	A method and device for generating true random numbers (一種生成真隨機數的方法及裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202111441792.2	November 30, 2021
34 . .	On-screen knob status recognition method and on-screen knob (屏上旋鈕狀態識別方法及屏上旋鈕)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202210611108.9	May 31, 2022
35 . .	Touch event detection method, device, computer device and readable storage medium (觸摸事件檢測方法、裝置、計算機設備及可讀存儲介質)	Ningbo Preh Joyson	PRC	ZL202311192761.7	September 15, 2023

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
36 . .	An anti-interference touch wake-up system and its method (一種抗干擾觸摸喚醒系統及其方法)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202111153295.2	September 29, 2021
37 . .	A kind of method and device for SOA-enabling a local area network of an in-vehicle controller (一種實現車載控制器局域網SOA化的方法及裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202110926080.3	August 12, 2021
38 . .	A kind of online estimation method of lithium-ion battery temperature (一種鋰離子電池溫度在線估算方法)	Ningbo Preh Joyson	PRC	ZL202010338221.5	April 26, 2020
39 . .	A kind of method and apparatus for updating a Bootloader in an electronic control unit (一種電子控制單元中Bootloader的更新方法和裝置)	Ningbo Preh Joyson	PRC	ZL201910052372.1	January 21, 2019
40 . .	A pressure detection method and device (壓力檢測方法和裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202211190232.9	September 28, 2022
41 . .	A kind of toggle switch with an integrated touch-sensitive structure (一種具有一體式觸摸感應結構的撥桿開關)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202110041376.7	January 13, 2021
42 . .	A kind of resonant parameter modulation method applied to high-power wireless charging system (一種應用於高功率無線充電系統的諧振參數調製方法)	Ningbo Preh Joyson	PRC	ZL202011375105.7	November 30, 2020

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
43 . .	A kind of method and device for controlling an electronic expansion valve of an automotive heat pump system (一種汽車熱泵系統電子膨脹閥的控制方法及裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202210004575.5	January 5, 2022
44 . .	A method for making a one-digit multi-display switch keypad (一位多顯示開關按鍵的製作方法)	Ningbo Preh Joyson	PRC	ZL201910565974.7	June 27, 2019
45 . .	A kind of method for making a one-digit multi-display switch keypad (一種一位多顯示開關按鍵的製作方法)	Ningbo Preh Joyson	PRC	ZL201910566250.4	June 27, 2019
46 . .	A kind of rapid detection method for vehicle body insulation (一種車身絕緣的快速檢測方法)	Ningbo Preh Joyson	PRC	ZL201811242110.3	October 24, 2018
47 . .	A multi-function controller for automotive steering wheels (用於汽車方向盤上的多功能控制器)	Ningbo Preh Joyson	PRC	ZL201610106579.9	February 27, 2016
48 . .	A kind of balancing method based on lithium-ion battery monomer SOC and monomer capacity (一種基於鋰離子電池單體SOC和單體容量的均衡方法)	Ningbo Preh Joyson	PRC	ZL201710345997.8	May 17, 2017
49 . .	A kind of roller motion recognition device (一種滾輪運動識別裝置)	Ningbo Preh Joyson	PRC	ZL201611153534.3	December 14, 2016

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
50 . .	A kind of circuit for output driving a post-defrost load (一種輸出驅動後除霜負載的電路)	Ningbo Preh Joyson	PRC	ZL201610287719.7	May 4, 2016
51 . .	A kind of circuit that outputs a blower enable signal (一種輸出鼓風機使能信號的電路)	Ningbo Preh Joyson	PRC	ZL201610287727.1	May 4, 2016
52 . .	An anti-static touch interaction device (防靜電的觸摸交互裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202321365060.4	May 31, 2023
53 . .	A kind of roller with separate movement of pressing and toggle mechanism (一種按壓與撥動機構分離式運動的滾輪)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202121729958.6	July 28, 2021
54 . .	A kind of electrostatic protection structure inside an electronic product (一種電子產品內部的靜電保護結構)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202121789282.X	August 3, 2021
55 . .	A kind of rotary device with adjustable number of gears and torque (一種檔位數量和扭矩皆可調的旋轉裝置)	Ningbo Preh Joyson, Preh GmbH	PRC	ZL202120066387.6	January 12, 2021
56 . .	An airbag folding method and airbag device (安全氣囊折疊方法及安全氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202211047664.4	August 30, 2022
57 . .	A force-limiting cushioning mechanism and seatbelt buckle sub-assembly (限力緩衝機構及安全帶鎖扣副總成)	Ningbo Joyson Safety	PRC	ZL202210827311.X	July 13, 2022

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
58 . .	A kind of lap seatbelt pre-tensioning device and vehicle seat (一種腰部安全帶預緊裝置及汽車座椅)	Ningbo Joyson Safety	PRC	ZL202210902124.3	July 29, 2022
59 . .	A lap pretensioner bracket and a lap pretensioner device for vehicles (一種腰部預緊器支架及汽車腰部預緊裝置)	Ningbo Joyson Safety	PRC	ZL202210893915.4	July 27, 2022
60 . .	A steering wheel with integrated display function (一種集成顯示功能的方向盤)	Ningbo Joyson Safety	PRC	ZL201911078092.4	November 6, 2019
61 . .	Ejectors and protection systems for vehicle seat armrests (車輛座椅扶手的頂出裝置和保護系統)	Ningbo Joyson Safety	PRC	ZL202011534751.3	December 22, 2020
62 . .	A kind of steering wheel decorative parts (一種方向盤裝飾件)	Ningbo Joyson Safety	PRC	ZL202111262315.X	October 28, 2021
63 . .	A kind of steering wheel rim adjustment device and steering wheel (一種方向盤輪緣調節裝置和方向盤)	Ningbo Joyson Safety	PRC	ZL202010961362.2	September 14, 2020
64 . .	A kind of vehicle embrace bag device (一種車輛環抱式氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202210772243.1	June 30, 2022
65 . .	A kind of seat-side airbag assembly and a seat-side airbag device (一種座椅側部氣袋總成及座椅側氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202111403125.5	November 24, 2021

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
66 . .	A kind of seat-side airbag device and its assembly method (一種座椅側氣囊裝及其組裝方法)	Ningbo Joyson Safety	PRC	ZL202011451380.2	December 9, 2020
67 . .	Filter structures, generators, airbags and vehicles (過濾結構、發生器、安全氣囊和汽車)	Ningbo Joyson Safety	PRC	ZL201911310012.3	December 18, 2019
68 . .	Frame-kind hollow airbags and airbag devices (框架式空心安全氣囊和安全氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202010143936.5	March 4, 2020
69 . .	A kind of seat-side airbag device and bag (一種座椅側面氣囊裝置及囊袋)	Ningbo Joyson Safety	PRC	ZL202111651331.8	December 30, 2021
70 . .	A kind of steering wheel shock absorber (一種方向盤減震器)	Ningbo Joyson Safety	PRC	ZL202111253349.2	October 27, 2021
71 . .	Frame-kind hollow airbags and airbag devices (框架式空心安全氣囊和安全氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202010475718.1	May 29, 2020
72 . .	A kind of vehicle frontal airbag coupled with a side curtain airbag and a vehicle airbag set (一種與側面氣簾耦合的車輛正面氣囊及車輛氣囊組)	Ningbo Joyson Safety	PRC	ZL202110589191.X	May 28, 2021
73 . .	An airbag folding method and airbag device (安全氣囊折疊的方法和安全氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202010495397.1	June 3, 2020
74 . .	A kind of speaker bracket (一種喇叭支架)	Ningbo Joyson Safety	PRC	ZL201911056388.6	October 31, 2019

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
75 . .	A kind of knee airbag assembly, pre-folded airbag assembly and airbag device (一種膝部氣袋總成、氣袋預折疊總成及氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202111382728.1	November 22, 2021
76 . .	A kind of frontal airbag (一種正面氣囊)	Ningbo Joyson Safety	PRC	ZL202111639478.5	December 29, 2021
77 . .	A kind of frontal airbag for vehicles (一種車輛正面氣囊)	Ningbo Joyson Safety	PRC	ZL202110709436.8	June 25, 2021
78 . .	A kind of zero gravity seat integrating a retractor, a seatbelt assembly and seat (一種集成於零重力座椅的卷收器、安全帶總成及座椅)	Ningbo Joyson Safety	PRC	ZL202111655188.X	December 30, 2021
79 . .	A kind of device and method for compressing an airbag (一種壓縮囊袋的裝置和方法)	Ningbo Joyson Safety	PRC	ZL201910015642.1	January 8, 2019
80 . .	A kind of curtain airbag (一種氣簾)	Ningbo Joyson Safety	PRC	ZL202111254405.4	October 27, 2021
81 . .	A portable terminal setup system, control system, protection system and steering wheel (便攜式終端設置系統、操控系統、保護系統以及方向盤)	Ningbo Joyson Safety	PRC	ZL201910303343.8	April 16, 2019
82 . .	A kind of diversion device for airbags and its production method and airbag system (一種氣囊的分流裝置及其製作方法、安全氣囊系統)	Ningbo Joyson Safety	PRC	ZL201910716924.4	August 5, 2019

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
83 . .	A kind of shock-absorbing driver-side airbag (一種減震主駕安全氣囊)	Ningbo Joyson Safety	PRC	ZL201910795713.4	August 27, 2019
84 . .	A kind of side curtain airbag (一種側面氣簾)	Ningbo Joyson Safety	PRC	ZL202110694768.3	June 23, 2021
85 . .	A kind of remote airbag device for seats in vehicles (一種車輛座椅遠端氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202110286093.9	March 17, 2021
86 . .	A kind of seat airbag device and seat (一種座椅氣囊裝置及座椅)	Ningbo Joyson Safety	PRC	ZL202110987151.0	August 26, 2021
87 . .	A kind of restraint device for passengers in vehicles (一種車輛乘員約束裝置)	Ningbo Joyson Safety	PRC	ZL202111655194.5	December 30, 2021
88 . .	A kind of airbag device (一種氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202110413816.7	April 16, 2021
89 . .	A kind of airbag for drivers (一種駕駛員氣囊)	Ningbo Joyson Safety	PRC	ZL202110669962.6	June 17, 2021
90 . .	A kind of centralized-controlled steering wheel (一種集控方向盤)	Ningbo Joyson Safety	PRC	ZL202110524857.3	May 14, 2021
91 . .	An overhead airbag assembly system and control system (頂部氣囊集成系統和控制系統)	Ningbo Joyson Safety	PRC	ZL202110077700.0	January 20, 2021
92 . .	A noise reduction retractor (降噪卷收器)	Ningbo Joyson Safety	PRC	ZL202011534755.1	December 22, 2020
93 . .	A kind of airbag and an airbag device adopting such airbag (一種囊袋及採用其的安全氣囊裝置)	Ningbo Joyson Safety	PRC	ZL202110247283.X	March 5, 2021

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
94 . .	A seat-side airbag and airbag folding method (座椅側氣囊以及囊袋折疊方法)	Ningbo Joyson Safety	PRC	ZL202011539455.2	December 23, 2020
95 . .	A kind of mobile in-vehicle entertainment system (一種可移動的車載娛樂系統)	Ningbo Joyson Safety	PRC	ZL202110724345.1	June 29, 2021
96 . .	A kind of seat belt lock (一種安全帶鎖舌)	Ningbo Joyson Safety	PRC	ZL201710595059.3	July 20, 2017
97 . .	A kind of adaptive positioning mechanism and vehicle (一種自適應定位機構和汽車)	Ningbo Joyson Safety	PRC	ZL201711058030.8	November 1, 2017
98. . .	A steering wheel for vehicles (汽車方向盤)	Ningbo Joyson Safety	PRC	ZL202030812351.9	December 29, 2020
99. . .	A method for gap control during product assembly (一種產品組裝間隙控制的方法)	Joyson Safety Huzhou	PRC	ZL202210340930.6	April 2, 2022
100 .	A kind of three-stage pyrotechnic gas generator (一種三級煙火式氣體發生器)	Joyson Safety Huzhou	PRC	ZL202011037402.0	September 28, 2020
101 .	A kind of valve and plug structure for columnar generator (一種柱狀發生器充氣口及堵頭結構)	Joyson Safety Huzhou	PRC	ZL202210548521.5	May 20, 2022
102 .	A kind of TTFG collection device for testing of hybrid generator tank (一種混合式發生器罐測試TTFG採集裝置)	Joyson Safety Huzhou	PRC	ZL202110849125.1	July 27, 2021

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
103 .	A method for testing the water pressure of pipe bodies of Hoodlifter (一種Hoodlifter管體水壓測試方法)	Joyson Safety Huzhou	PRC	ZL202110543601.7	May 19, 2021
104 .	A kind of ceiling columnar hybrid airbag gas generator (一種頂棚柱狀混合式安全氣囊氣體發生器)	Joyson Safety Huzhou	PRC	ZL202110867274.0	July 30, 2021
105 .	A kind of pyrotechnic vehicle bonnet pop-up device (一種煙火式汽車引擎蓋彈起裝置)	Joyson Safety Huzhou	PRC	ZL202011030524.7	September 27, 2020
106 .	A kind of ventilation shaft structure for pyrotechnic gas generators (一種煙火式氣體發生器的排氣孔結構)	Joyson Safety Huzhou	PRC	ZL201910585282.9	July 1, 2019
107 .	A kind of special combustion chamber for gas generators (一種氣體發生器用特殊燃燒室)	Joyson Safety Huzhou	PRC	ZL201910585802.6	July 1, 2019

No.	Patent Name	Patentee	Place of registration	Patent number	Application date
108 .	A kind of airbag device and its application (一種安全氣囊裝置及其用途)	Lingang Joyson	PRC	ZL202111439216.4	November 29, 2021
109 .	A kind of folded steering wheel (一種折疊方向盤)	Lingang Joyson	PRC	ZL202110928870.5	August 13, 2021
110 . .	A kind of steering wheel (一種方向盤)	Lingang Joyson	PRC	ZL202111104692.0	September 18, 2021
111 . .	A kind of curtain airbag device (一種氣簾裝置)	Lingang Joyson	PRC	ZL202111230503.4	October 22, 2021
112 . .	A fixed structure for anchor plate and a side curtain airbag device (錨板固定結構及側氣簾裝置)	Lingang Joyson	PRC	ZL202011625920.4	December 31, 2020

Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain names	Registered owner	Expiration date
1 . . .	joyson.com	The Company	January 17, 2026
2 . . .	joynext.com	Ningbo JOYNEXT	March 5, 2026
3 . . .	preh.com	Preh GmbH	August 18, 2025
4 . . .	joysonsafety.com	JSS LLC	December 4, 2026

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.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Particulars of the Service Contracts

We [have entered] into a contract with each of our Directors and Supervisors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Directors' and Supervisors' Remuneration

The Directors and Supervisors receive remuneration in the forms of salaries, allowances and benefits in kind, performance related bonuses, share-based payment expenses, and pension scheme contributions.

The aggregate amount of remuneration (including salaries, wages, benefits in kind and share-based payment expenses) paid to our Directors and Supervisors for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024 were approximately RMB26.6 million, RMB47.0 million and RMB27.6 million, respectively.

Disclosure of interests

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to our issued share capital and number of repurchased A Shares held in our Company's stock repurchase account between the Latest Practicable Date and the [**REDACTED**]), the interests and/or short positions of our Directors, Supervisors and chief executive in our Shares, underlying shares and debentures of our Company and 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/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, will be as follows:

Interest in Shares

				Approximate percentage of shareholding following the completion of the [REDACTED] (%)[2]	
Name	Position	Nature of Interests[1]	Number and Description of Shares	In A Shares	In the total issued share capital of our Company
WANG Jianfeng (王劍峰)	Executive Director and chairperson of the Board	Beneficial owner; interest in controlled corporation[3]	565,158,675 A Shares	40.12	[**REDACTED**]
LI Junyu (李俊彧)[4] . . .	Executive Director, vice president and financial director	Beneficial owner	1,100,000 A Shares	0.08	[**REDACTED**]
CHEN Wei (陳偉)[4]	Executive Director and President	Beneficial owner	600,000 A Shares	0.04	[**REDACTED**]
CAI Zhengxin (蔡正欣)[4] . . .	Executive Director and chief executive officer and president of Preh GmbH	Beneficial owner	600,000 A Shares	0.04	[**REDACTED**]

				Approximate percentage of shareholding following the completion of the [REDACTED] (%)[2]	
Name	Position	Nature of Interests[1]	Number and Description of Shares	In A Shares	In the total issued share capital of our Company
WANG Yude (王玉德)[4] . . .	Chairperson of the Supervisory Committee	Beneficial owner	300,000 A Shares	0.02	[**REDACTED**]
GUO Feier (郭費兒)[4] . . .	Employee Supervisor	Beneficial owner	300,000 A Shares	0.02	[**REDACTED**]

Notes:

(1) All interests are long positions.

(2) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company and number of repurchased A Shares held in our Company's stock repurchase account between the Latest Practicable Date and [**REDACTED**].

(3) As of the Latest Practicable Date, Joyson Group was owned as to 57.50% by Mr. Wang. Therefore, Mr. Wang is deemed to be interested in the entire Shares held by Joyson Group under the SFO. As of the Latest Practicable Date, there were 12,664,015 A Shares repurchased and held in our Company's stock repurchase account. Mr. Wang, directly and indirectly through Joyson Group, controls more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company.

(4) Each of LI Junyu, CHEN Wei, CAI Zhengxin, WANG Yude and GUO Feier is interested in the underlying A Shares relating to the awards granted pursuant to the Employee Incentive Scheme.

Save as disclosed above, none of the Directors, Supervisors or the chief executive of the Company will, immediately following completion of the [**REDACTED**], has 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.

Substantial Shareholders

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, see the section headed "Substantial Shareholders" in this document.

So far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [**REDACTED**], 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 the members of our Group (other than our Company):

Our subsidiaries	Name of substantial shareholder	Approximate percentage of interest
		(%)
Anhui Joyson Auto Safety Systems Holdings Co., Ltd.	Advanced Manufacturing Industry Investment Fund (L.P.) (先進製造產業投資基金(有限合夥))	13.05
Anhui Joyson Auto Safety Systems Holdings Co., Ltd.	Advanced Manufacturing Industry Investment Fund II (L.P.) (先進製造產業投資基金二期(有限合夥))	10.17
RTA Holdings, Inc.	Rizal Commercial Banking Corporation	60.00
Joyson-TOA Safety Systems Co., Ltd	TOA Paint (Thailand) Co., Ltd.	30.00
Joyson Anand Abhishek Safety Systems Private Limited	Asia Investments Private Limited	30.00
Key Automotive Accessories Co., Ltd. (天津百利得汽車零部件有限公司)	ZHANG Yonghe (張永和)	20.00

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (including any additional H Shares issued pursuant to the [**REDACTED**]), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, 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 meeting of the Group.

Employee Incentive Scheme

The following is a summary of the principal terms of the Employee Incentive Scheme of our Company approved by the Shareholders on November 1, 2021. The terms of Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the terms of the Employee Incentive Scheme are substantially similar and are summarized below.

(i) Purpose

The purpose of the Employee Incentive Scheme is to improve our Group's corporate governance structure and incentivize our Group's management and key employees to achieve a sustained and long-term development of our Group. The Employee Incentive Scheme is implemented to attract, retain and motivate management and key employees of our Group, and to promote the success of our Group's business by providing them with appropriate incentives based on fulfilling certain performance goals.

(ii) Administration

The Employee Incentive Scheme is executed by the Board subject to the authorization by the Shareholders. The meeting of all participants of the Employee Incentive Scheme ("**Participants**") shall have the full power to administer the Employee Incentive Scheme. A management committee, the members of which are elected by the meetings of the Participants, is authorized to oversee the day-to-day management of the Employee Incentive Scheme.

(iii) Eligibility and Participation

Participants will consist of Directors (excludes independent non-executive Directors), management and key employees of our Group as the Board determines from time to time to receive awards under the Employee Incentive Scheme.

(iv) Source and Maximum Number of Shares

The Shares underlying the Employee Incentive Scheme shall be A Shares repurchased by our Company from the secondary market and transferred to the Employee Incentive Scheme. Each award granted represents the entitlement to the corresponding portion of A Shares underlying the Employee Incentive Scheme ("**Awards**"). These Awards are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of Shares in respect of the Awards that can be granted under the Employee Incentive Scheme is 9,000,000.

(v) Term of the Scheme

The term of the Employee Incentive Scheme shall be no more than 120 months from the date of the Shareholders approved and the announcement of the last transfer of the relevant A Shares into the Employee Incentive Scheme. Should the Employee Incentive Scheme not be extended upon its expiration, it will automatically terminate.

(vi) Performance Targets and Lock-up

Subject to fulfillment of the performance targets at Company level and Participant level, the Awards held by the Participants shall be unlocked in three installments in the proportion of 30%, 30% and 40%, commencing from 17 months, 29 months and 41 months, respectively, after the announcement date of the Company's transfer of the last tranche of underlying Shares to the Employee Incentive Scheme. The A Shares underlying the unlocked Awards shall be sold by the management committee as authorized by the meetings of the Participants, with the net proceeds to be distributed to the relevant Participants proportionately.

The Shares derived from the underlying Shares obtained under the Employee Incentive Scheme as a result of events such as the distribution of share dividends and capitalisation of capital reserve by the Company shall also be subject to the above lock-up arrangement.

(vii) Details of the Awards granted

As of the Latest Practicable Date, the aggregate number of A Shares held by the Employee Incentive Scheme was 9,000,000, representing approximately 0.64% of the issued share capital of our Company as at the Latest Practicable Date and approximately [**REDACTED**]% of the total issued share capital of our Company immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]).

Details of the Awards granted to Participants pursuant to the Employee Incentive Scheme as of the Latest Practicable Date are set out below:

Name	Position(s) held within our Group	Date of Grant	Grant Price	Number of A Shares underlying the Awards granted	Approximate percentage of shareholding in the enlarged issued share capital of our Company immediately after completion of the [REDACTED][1]
			(RMB)		
Directors and Supervisors					
LI Junyu (李俊彧) . .	Executive Director, vice president and financial director	November 1, 2021	9.50	600,000	[**REDACTED**]%
		December 25, 2023	9.50	500,000	[**REDACTED**]%
CHEN Wei (陳偉) . .	Executive Director and President	November 1, 2021	9.50	600,000	[**REDACTED**]%

Name	Position(s) held within our Group	Date of Grant	Grant Price	Number of A Shares underlying the Awards granted	Approximate percentage of shareholding in the enlarged issued share capital of our Company immediately after completion of the [REDACTED][1]
			(RMB)		
CAI Zhengxin (蔡正欣)	Executive Director and chief executive officer and president of Preh GmbH	November 1, 2021	9.50	600,000	[**REDACTED**]%
WANG Yude (王玉德)	Chairperson of the Supervisory Committee	November 1, 2021	9.50	300,000	[**REDACTED**]%
GUO Feier (郭費兒)	Employee Supervisor	November 1, 2021	9.50	300,000	[**REDACTED**]%
Other Participants					
Other Key Employees	–	November 1, 2021	9.50	5,800,000	[**REDACTED**]%

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure," none of the Directors, Supervisors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the [**REDACTED**], none of the Directors, Supervisors nor any of the experts referred to in "—Other Information—Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

(c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash securities or benefit intended to be paid, allotted or given on the basis of the [**REDACTED**] or related transactions as mentioned.

(d) Save as disclosed in the section headed "Business," none of our Directors or Supervisors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may fall to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]).

Pursuant to the engagement letter entered into between the Company and each of the Joint Sponsors, we have agreed to pay the Joint Sponsors an aggregate sponsor fee of US$1,000,000 to act as the sponsors of our Company in connection with the proposed [**REDACTED**] on the Hong Kong Stock Exchange.

Qualifications and Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
KPMG	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Commerce & Finance Law Offices	PRC legal advisor
Jincheng Tongda & Neal Law Firm	PRC data compliance legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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.

BINDING EFFECT

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

PROMOTERS

The promoters of our Company are Liaoyuan Chemical Fiber Factory (遼源化纖廠), Shanghai Second Textile Machinery Co., Ltd. (上海二紡機股份有限公司), China Jilin International Economic and Technical Cooperation Company (中國吉林國際經濟技術合作公司) and China Chemical Fiber Company (中國化纖公司).

Save as disclosed in the section headed "History, Development and Corporate Structure" 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.

PRELIMINARY EXPENSES

The Company did not incur material preliminary expenses for the purpose of the [**REDACTED**] Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in our financial or trading position since September 30, 2024.

MISCELLANEOUS

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

   (i) no loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

   (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

   (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(c) No share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(d) No commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(e) Save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save as disclosed in this document, no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.

(f) Our Company has no outstanding convertible debt securities or debentures.

(g) There is no arrangement under which future dividends are waived or agreed to be waived.

(h) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

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 VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts*"; and

(b) a copy of each of the material contracts referred to in "*Appendix VI — Statutory and General Information — Further Information about our Business — 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.joyson.com** during a period of 14 days from the date of this document:

1. the Articles of Association;

2. the Accountants' Report from KPMG, the text of which is set forth in Appendix I to this document;

3. the audited consolidated financial statements of our Company for the years ended December 31, 2022, 2023 and [2024];

4. the report from KPMG on the unaudited [**REDACTED**] financial information of our Group, the text of which is set forth in Appendix II to this document;

5. the material contract in "*Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts*";

6. the written consents referred to in "*Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts*";

7. the service contracts referred to in "*Appendix VI — Statutory and General Information — Further Information about our Directors, Supervisors and Senior Management — Particulars of the Service Contracts*";

8. the legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

9. the legal opinion issued by Jincheng Tongda & Neal Law Firm, our PRC data compliance legal advisor, in respect of, among other things, certain data protection, data compliance and cybersecurity matters of our Group under PRC law;

10. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "*Industry Overview*" in this document; and

11. the PRC Company Law, the Securities Law, the Trial Measures, together with their respective unofficial English translations.