Application Proof of

PATEO

PATEO CONNECT Technology (Shanghai) Corporation
博泰車聯網科技(上海)股份有限公司

(the "**Company**")

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

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

[REDACTED]

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

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

CICC 中金公司 國泰君安國際 GUOTAI JUNAN INTERNATIONAL 招銀国际 CMB INTERNATIONAL 华泰国际 HUATAI INTERNATIONAL CITIC SECURITIES

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors." You should read the entire document carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a pioneer in China's automotive intelligence industry, one of the few domestic providers of both smart cockpit and intelligent vehicle connectivity solutions. According to CIC, we are a leading independent domestic provider of smart cockpit solutions for Chinese OEMs. We unveiled China's first 3G vehicle connectivity system in 2010, making us one of the first entrants in China's intelligent vehicle connectivity market. We stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. This approach ensures an integrated solution tailored to meet diverse customer needs.

Smart cockpits are an essential component in the automotive industry's intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. Consumers of high-end and emerging automotive brands are increasingly seeking enhanced in-vehicle experience. This growing demand is propelling the intelligent transformation of the automotive industry, consequently raising the value of smart cockpits. According to CIC, the size of China's passenger vehicle smart cockpit solutions industry in terms of revenue is expected to grow from RMB129.0 billion in 2024 to RMB299.5 billion in 2029, at a CAGR of 18.4%. According to the same source, Chinese OEMs are increasingly capturing a higher market share in China's automotive industry, and are moving towards developing high-end vehicles with advanced automotive intelligence features. This transition is anticipated to generate higher demand for smart cockpit solutions. Leveraging our significant presence among Chinese OEMs, we are well positioned to capitalize on the industry growth.

We are the second-largest provider of smart cockpit domain controller solutions for NEVs produced in China in terms of shipment volume in 2024 with a market share of 11.9%, ranking after a player with a market share of 22.8%, according to CIC. We provides OEM and Tier-1 customers with domain controllers — the backbone of a smart cockpit — as our core products, showcasing our strong design and development capabilities for smart cockpit solutions. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers and other cockpit components, such as display screens and software, separately. In 2023, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's fourth-generation Snapdragon 8295 chipset in China, which, according to CIC, is among the mainstream automotive-grade chips for smart cockpit solutions with the highest computing power. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm's Snapdragon 8295 chipset, according to CIC. We also offer intelligent vehicle connectivity solutions primarily to OEMs, assisting them in elevating the vehicle owners' driving experience. Our smart cockpit and intelligent vehicle connectivity solutions have been deployed by three of the top five Chinese OEMs and two of the top five Chinese premium emerging NEV brands in terms of sales volume in 2024. We strategically target leading automotive OEMs in China as our core customers, including major Chinese OEMs and their rapidly growing NEV brands such as Avatr and Voyah, as well as renowned international OEMs. We believe this strategic customer focus can position us favorably to increase our market share.

We are a key contributor to the automotive industry's intelligent transformation, consistently advancing innovation. In 2013, we introduced the first-ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC. We are currently partnering with a globally-leading technology company and certain Chinese automotive OEMs to engage in developing the first in-vehicle operating system with entirely domestic intellectual property. With an aim to extending our reach to the upstream of automotive intelligence industry's value chain, we are taking initiatives among independent providers of smart cockpit solutions to explore the field of domestic automotive-grade chips. In addition, in May 2023, we joined forces with the National New Energy Vehicle Technology Innovation Center of China (國家新能源汽車技術創新中心) ("NEVC"), a national center for new energy vehicles established under the approval of the Ministry of Science and Technology of the PRC, to found a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips. In the same year, we also formed a company with a leading semiconductor provider in China and other industry partners, dedicated to the R&D of domestic automotive-grade chips.

With industry-leading R&D capabilities, we have achieved numerous technological innovations since our inception and have developed comprehensive technologies across software, hardware and cloud-based vehicle connectivity. In 2023, the NDRC and other national-level governmental authorities collectively recognized us as a National Enterprise Technology Center (國家企業技術中心). Two of our proprietary technological innovations related to smart cockpit solutions and intelligent vehicle connectivity solutions were acknowledged as internationally leading technologies by the NEVC. We ranked first in terms of the number of registered invention patents among domestic smart cockpit and intelligent vehicle connectivity solution providers as of December 31, 2024, according to CIC.

Mr. Ying, our founder and chairman of the Board, guides our growth with his visionary leadership and rich industry experience. Mr. Ying's application of the 3G network to intelligent vehicle connectivity solutions, as early as its introduction in 2010, laid a solid foundation for us to lead the intelligent transformation of the automotive industry over the next decade. Mr. Ying is widely recognized in the industry, serves as a member in many industry organizations, including the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會), and has received numerous prestigious awards, including the Shanghai May 1st Labor Medal (上海市五一勞動獎章) and being named an Eminent Entrepreneur of Shanghai (上海市優秀企業家), Fifth Shanghai Industrial and Commercial Leader (第五屆上海市工商業領軍人物) and 2023 World Internet of Things Awards — Outstanding Person of the Year (2023世界物聯網大獎—年度傑出人物).

We integrate upstream and downstream resources across the automotive intelligence ecosystem, achieving synergistic cooperation with a diverse array of partners. Our market leadership and strong technology capabilities enable us to establish mutually beneficial relationships with upstream players such as automotive-grade chip and operating system suppliers, downstream OEM customers, as well as content and other service providers. For instance, through our extensive collaboration with Qualcomm, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset in China, securing design wins from notable customers. Furthermore, our close partnership with BlackBerry has led to the launch of smart cockpit solutions based on the BlackBerry QNX platform — a full-featured development environment with a deterministic real-time operating system — now utilized in various models from Avatr and other OEM brands.

Leveraging our leading position in the market, we achieved substantial growth during the Track Record Period. We sold approximately 4.4 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of smart cockpit products grew at a CAGR of 42.4% from 2022 to 2024. Our revenue increased by 22.8% from RMB1.2 billion in 2022 to RMB1.5 billion in 2023, and further increased by 70.9% to RMB2.6 billion in 2024. Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023, and increased to RMB540.8 million in 2024. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million and RMB288.4 million in 2022, 2023 and 2024, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million and RMB(215.3) million in 2022, 2023 and 2024, respectively. See "Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures" for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure). With cash and cash equivalents of RMB977.0 million as of December 31, 2024, supplemented by the [**REDACTED**] from the [**REDACTED**], we believe we are well-equipped financially to support our ongoing operations and strategic growth initiatives.

OUR OFFERINGS AND REVENUE MODEL

We are a smart cockpit and intelligent vehicle connectivity solution provider in China. During the Track Record Period, we generated a substantial portion of our revenue from smart cockpit solutions and the revenue from this business continued to grow both in absolute amount and as a percentage of our total revenue. Meanwhile, we continued to serve primarily OEM customers with our intelligent vehicle connectivity solutions and maintained a stable scale of this business. Additionally, we generated a small portion of our revenue from other sources, primarily from sales of automotive-grade chips, either for our own trading purpose or as commissioned by certain OEMs. We do not consider sales of chips as our core business, and our revenue from this source significantly reduced from 2022 to 2024. We plan to further reduce sales of chips over the next five years. The following table sets forth a breakdown of our revenue by offering of products and services for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Smart cockpit solutions						
Domain controllers(1)	674,302	55.4	784,850	52.4	1,959,008	76.6
Cockpit components(2)	238,284	19.6	208,829	14.0	158,507	6.2
R&D services	165,963	13.6	358,719	24.0	323,893	12.7
Subtotal	**1,078,549**	**88.6**	**1,352,398**	**90.4**	**2,441,408**	**95.5**
Intelligent vehicle connectivity solutions	89,326	7.3	122,370	8.2	110,228	4.3
Others(3)	49,882	4.1	21,049	1.4	5,367	0.2
Total revenue	**1,217,757**	**100.0**	**1,495,817**	**100.0**	**2,557,003**	**100.0**

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing computing capabilities, communication or other functions respectively. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

Smart Cockpit Solutions

We develop smart cockpit solutions and products for OEMs and Tier-1 suppliers leveraging our core vertical integrated competencies in product design and development, function development, and in-house production. Smart cockpit solutions are enabled by the domain controller and a number of other devices connected to it, including displays, T-boxes, cameras, microphones, speakers, wires, and antennas. Empowered by various software, operating systems and application software, the domain controller integrates functions including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, DMS, OMS, infotainment, and connectivity with other devices and network. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers and other cockpit components, such as display screens and software, separately. We also provide R&D services to a variety of customers, such as OEMs, Tier-1 suppliers, in-vehicle application providers and other participants in the intelligent automotive industry, transforming their conceptual requirements for smart cockpit hardware and software, including operating systems, application software and cloud-based software, into reality. Our R&D services enable our customers to enhance smart cockpit functionality and enrich the intelligent vehicle ecosystem.

The following table sets forth key metrics of our smart cockpit products (consisting of domain controllers and cockpit components) for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
Domain controllers(1)			
Shipment volume (units in thousands)	488	793	915
Average unit price (RMB)	1,382	990	2,141
Revenue (RMB in thousands)	674,302	784,850	1,959,008
Cockpit components(2)			
Shipment volume (units in thousands)	681	513	750
Average unit price (RMB)	350	407	211
Revenue (RMB in thousands)	238,283	208,829	158,507

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

During the Track Record Period, the shipment volume of domain controllers steadily increased, reflecting that the demand for our domain controllers increased and we successfully developed new customers and expanded our business with existing customers. The average unit price of domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a substantial portion of our total domain controller shipment volume prior to 2024. The average unit price of domain controllers increased to RMB2,141 in 2024, primarily due to our strategic focus on developing and producing domain controllers equipped with high-end SoCs, catering to the increased consumer demand for vehicle models with higher level of intelligence and better performance of cockpit functions.

The following table sets forth the breakdown of shipment volume and revenue of our domain controllers by associated chip type for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
Shipment volume (unit in thousands)			
High-end SoC	N/A	12	351
Mid-end SoC	174	248	306
Low-end SoC	314	533	258
Total	**488**	**793**	**915**
Revenue (RMB in thousands)			
High-end SoC	N/A	13,176	1,100,907
Mid-end SoC	296,364	467,570	601,210
Low-end SoC	377,938	304,104	256,891
Total	**674,302**	**784,850**	**1,959,008**

During the Track Record Period, the shipment volume and revenue of domain controllers equipped with mid-end and high-end SoCs continually showed an upward trend. In contrast, although the shipment volume of domain controllers equipped with low-end SoCs experienced an increase in 2023 compared to 2022, the shipment volume declined in 2024 and the revenue of this type of domain controllers continually declined from 2022 to 2024. These changes reflected that we have strategically focused on developing and producing premium smart cockpit solutions, catering to the increased consumer demand for vehicle models with higher level of intelligence and better performance of cockpit functions.

The following table sets forth the breakdown of shipment volume and revenue for our smart cockpit products (consisting of domain controllers and cockpit components) by customer type for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
Shipment volume (unit in thousands)			
OEM customers	1,130	840	1,116
Other customers(1)	39	466	549
Total	**1,169**	**1,306**	**1,665**
Revenue (RMB in thousands)			
OEM customers	876,576	748,257	1,838,218
Other customers(1)	36,010	245,422	279,297
Total	**912,586**	**993,679**	**2,117,515**

Note:

(1) Consisting of Tier-1 customers and other participants along the value chain of the automotive industry.

Intelligent Vehicle Connectivity Solutions

We primarily provide OEM customers with intelligent vehicle connectivity solutions, including user engagement optimization services and vehicle connectivity platform services, and charge them service fees. Our user engagement optimization services encompass user support through customer service centers, user engagement and ecosystem management, which assist OEMs to engage vehicle owners and promote their brand value. Our vehicle connectivity platform services focus on maintenance for vehicle connectivity platforms — whether developed by OEMs or by us — to enhance their stability, performance, system and data security, and adaptability to evolving business needs.

The following table sets forth the key operating data for our intelligent vehicle connectivity solutions for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
User engagement optimization services:			
Number of OEMs served	5	7	8
Number of customer service centers operated	10	10	11
Vehicle connectivity platform services:			
Number of OEMs served	13	12	10
Number of platforms under our maintenance	14	14	14

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors:

- A pioneer in China's automotive intelligence transformation, leading with innovative solutions;
- Comprehensive in-house R&D capabilities with a focus on software;
- Highly scalable business model with strong mass production capabilities;
- User-centered solutions bringing superior experience to drivers and passengers;
- Strong ability to leverage diverse resources; and
- Highly-respected and industry-renowned founder and experienced senior management.

See "Business — Our Strengths."

OUR GROWTH STRATEGIES

Our business objective is to further enhance our competitive advantage in offering smart cockpit solutions and intelligent vehicle connectivity solutions to the surging automotive intelligence market. Key elements of our strategies include:

- Expand our market share and solidify our industry leadership;
- Continuous innovation to capture industry development opportunities;
- Deepen overseas expansion and build an internationally-recognized brand;
- Integrate industrial resources and cultivate a comprehensive industrial ecosystem; and
- Enhance operational efficiency and optimize production management processes.

See "Business — Our Growth Strategies."

RISK FACTORS

[**REDACTED**] in the [**REDACTED**] involves certain risks as set out in "Risk Factors" in this document, which could be categorized into (i) risks relating to our business and industry, (ii) risks relating to jurisdictions where we operate, and (iii) risks relating to the [**REDACTED**]. Some of the major risks we are exposed to are as follows:

- The automotive intelligence industry we operate in is highly competitive and rapidly evolving. Any failure to compete effectively with our competitors could have a significant negative impact on our business, results of operations, and financial condition;

- Our historical performance may not be indicative of our future growth or financial results. If we fail to effectively manage the growth of our business or execute our growth strategies, our business, financial condition, and results of operations could be materially and adversely affected;

- If our products and solutions fail to meet the evolving market need in the automotive industry, or if the adoption of automotive intelligence solutions and technologies declines, our business, results of operations, and financial condition could be adversely affected;

- Failure to retain our existing customers, attract new ones, or increase customer spending could materially and adversely impact our business, results of operations, and financial condition;

- We had a history of net loss and net operating cash outflows during the Track Record Period, and we are uncertain about our future profitability;

- We have been and intend to continue investing substantial resources in R&D. However, there is no assurance that these efforts will prove successful and we will generate the results we expect to achieve;

- Our business is subject to reliance on chip suppliers;

- We depend on the continued efforts of our key management, as well as qualified and experienced personnel, and any failure to attract, motivate and retain such individuals would materially and adversely affect our business, results of operations, and financial condition;

- There can be no assurance that our efforts seeking design wins for our products and solutions will succeed; and

- We cannot assure you that our existing OEM customers will purchase our products and solutions in any certain quantity or at any certain price, and our revenue from sales of such product and solutions are uncertain.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that install our smart cockpit solutions and products on their vehicles or purchase our intelligent vehicle connectivity solutions. For the years ended December 31, 2022, 2023 and 2024, the aggregate revenue generated from our top five customers in each year of the Track Record Period amounted to RMB1,018.5 million, RMB966.4 million, and RMB1,902.1 million, which accounted for 83.6%, 64.6%, and 74.4% of our total revenue, respectively. For the same years, revenue from the largest customer amounted to RMB404.4 million, RMB428.2 million, and RMB998.5 million, which accounted for 33.2%, 28.6%, and 39.1% of our total revenue, respectively.

Our suppliers primarily consist of SoC solution providers, providers of smart cockpits parts and components and software providers. For the years ended December 31, 2022, 2023 and 2024, the aggregate purchases from our top five suppliers in each year of the Track Record Period amounted to RMB313.8 million, RMB400.5 million, and RMB1,075.9 million, which accounted for 32.1%, 40.8%, and 56.6% of our total purchases, respectively. For the same years, purchases from our largest supplier amounted to RMB79.9 million, RMB136.4 million, and RMB478.8 million, which accounted for 8.2%, 13.9%, and 25.2% of our total purchases, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Accountants' Report set out in Appendix I to this document, including the related notes. Our consolidated financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of comprehensive income and as percentages of our revenue for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)					
Revenue	1,217,757	100.0	1,495,817	100.0	2,557,003	100.0
Cost of sales	(1,046,635)	(85.9)	(1,264,729)	(84.6)	(2,256,001)	(88.2)
Gross profit	**171,122**	**14.1**	**231,088**	**15.4**	**301,002**	**11.8**
Other income	46,949	3.9	30,820	2.1	59,884	2.3
Impairment losses reversed (recognized) under expected credit loss model, net of reversal (recognition)	(5,400)	(0.4)	(14,170)	(0.9)	(149,945)	(5.9)
Other gains and losses	(178)	(0.0)	108,431	7.2	50,853	2.0
Selling expenses	(109,709)	(9.0)	(116,838)	(7.8)	(148,891)	(5.8)
Administrative expenses	(250,397)	(20.6)	(259,797)	(17.4)	(370,379)	(14.5)
Research and development costs	(277,424)	(22.8)	(235,440)	(15.7)	(207,279)	(8.1)
Share of result of an associate	–	–	–	–	(733)	(0.0)
Share of result of joint venture	–	–	–	–	(10)	(0.0)
[**REDACTED**] expenses	–	–	–	–	[REDACTED]	[REDACTED]
Finance costs	(27,113)	(2.2)	(27,788)	(1.9)	(44,074)	(1.7)
Loss before tax	(452,150)	(37.0)	(283,694)	(19.0)	(540,793)	(21.1)
Income tax	(3)	–	(67)	–	(27)	(0.0)
Loss for the year	**(452,153)**	**(37.0)**	**(283,761)**	**(19.0)**	**(540,820)**	**(21.1)**

We had revenue of RMB1,217.8 million, RMB1,495.8 million and RMB2,557.0 million in 2022, 2023 and 2024, respectively. The overall increase of our revenue during the Track Record Period was mainly attributable to (i) the increase in shipment volume of our smart cockpit products from approximately 1.17 million in 2022 to approximately 1.23 million in 2023 and further to approximately 1.67 million in 2024, which was driven by growing demand from our existing customers and the rapid expansion of our customer base, and (ii) our strategic focus on producing domain controllers equipped with high-end SoCs, which are relatively high-priced and cater to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.

Our gross profit margin decreased from 15.1% in 2023 to 11.8% in 2024, primarily due to the greater revenue contribution of sales of domain controllers, which have a relatively low gross margin. Our impairment losses under expected credit loss model increased from RMB14.2 million in 2023 to RMB149.9 million in 2024, primarily because we recognized credit loss for trade receivables due from one OEM customer which is experiencing difficulties in its operations.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly-titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for equity-settled share-based payments and [**REDACTED**] expenses. Our equity-settled share-based payments consist of non-cash expenses arising from granting restricted ordinary shares to eligible individuals. [**REDACTED**] expenses are the expenses arising from activities in relation to the proposed [**REDACTED**] and [**REDACTED**].

We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) adjusted by adding back (i) finance costs, (ii) income tax, (iii) depreciation of property, plant and equipment, and (iv) depreciation of right-of-use assets, and deducting interest income from bank deposits. The terms "adjusted net loss" and "adjusted EBITDA" are not defined under IFRS, and such terms may not be comparable to other similarly-named measures used by other companies.

	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Loss for the year	**(452,153)**	**(283,761)**	**(540,820)**
Add:			
Equity-settled share-based payments	61,638	65,363	157,186
[**REDACTED**] expenses	–	–	[REDACTED]
Adjusted net loss (non-IFRS measure)	**(390,515)**	**(218,398)**	**(352,413)**
Add:			
Finance costs	27,113	27,788	44,074
Income tax expenses	3	67	27
Depreciation of property, plant and equipment	25,517	30,276	39,539
Depreciation of right-of-use assets	24,855	35,415	55,430
Less:			
Interest income from bank deposits	(4,596)	(1,756)	(1,956)
Adjusted EBITDA (non-IFRS measure)	**(317,623)**	**(126,608)**	**(215,299)**

Our net loss increased from RMB283.8 million in 2023 to RMB540.8 million in 2024. After the adjustments of equity-settled share-based payments and [**REDACTED**] expenses, our adjusted net loss (non-IFRS measure) increased from RMB218.4 million in 2023 to RMB352.4 million, primarily due to an increase in impairment losses recognized for trade receivables due from one OEM customer which is experiencing difficulties in its operation, (ii) an increase in our selling expenses, reflecting our increased sales efforts to grow our businesses, and (iii) a decrease in other gains, reflecting the changes in fair value of financial assets associated with our equity interest in an intelligent NEV manufacturer.

Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023. After the adjustment of equity-settled share-based payments, our adjusted net loss (non-IFRS measure) decreased from RMB390.5 million in 2022 to RMB218.4 million in 2023, primarily due to net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023, primarily due to (i) an increase in our gross profit, and (ii) other gains that we recognized in 2023 as compared to other losses recognized in 2022. Other gains and losses were caused by the changes in fair value of financial assets associated with our equity interest in an intelligent NEV manufacturer.

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets	288,359	464,387	726,531
Current assets	1,998,542	2,116,364	3,581,219
Total assets	**2,286,901**	**2,580,751**	**4,307,750**
Non-current liabilities	156,065	266,168	429,925
Current liabilities	1,313,574	1,715,679	2,331,769
Total liabilities	**1,469,639**	**1,981,847**	**2,761,694**
Net current assets	684,968	400,685	1,249,450
Net assets	**817,262**	**598,904**	**1,546,056**

Our net assets increased from RMB598.9 million as of December 31, 2023 to RMB1,546.1 million as of December 31, 2024, primarily due to issuance of ordinary shares of RMB1,330.8 million, partially offset by total comprehensive expense for the year of RMB540.8 million. Our net assets decreased from RMB817.3 million as of December 31, 2022 to RMB598.9 million as of December 31, 2023, primarily due to total comprehensive expenses for the year of RMB283.7 million, partially offset by equity-settled share-based payments of RMB65.4 million.

Summary of Consolidated Statement of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for years indicated:

	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(463,725)	(270,571)	(705,789)
Net cash used in investing activities	(378,129)	(410,990)	(315,298)
Net cash from financing activities	1,341,641	350,760	1,741,065
Net increase (decrease) in cash and cash equivalents	**499,787**	**(330,801)**	**719,978**
Cash and cash equivalents at the beginning of the year	88,018	587,863	257,038
Effects of change in foreign exchange rate	58	(24)	(10)
Cash and cash equivalents at the end of the year	**587,863**	**257,038**	**977,006**

We had net operating cash outflow of RMB463.7 million, RMB270.6 million and RMB705.8 million in 2022, 2023 and 2024, respectively, primarily due to our losses before tax. Our trade and bills receivable balance also impacted our cash position. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the years indicated:

	For the year ended/As of December 31,		
	2022	2023	2024
Year-to-year revenue growth	41.0%	22.8%	70.9%
Gross profit margin(1)	14.1%	15.4%	11.8%
Adjusted net loss margin (non-IFRS measure)(2)	(32.1%)	(14.6%)	(13.8%)
Adjusted EBITDA margin (non-IFRS measure)(3)	(26.1%)	(8.5%)	(8.4%)
Current ratio(4)	1.5	1.2	1.5
Quick ratio(5)	1.2	0.9	1.3

Notes:

(1) Calculated by dividing gross profit for the year by revenue for the year multiplied by 100%.

(2) Calculated by dividing adjusted net loss (non-IFRS measure) by revenue for the year multiplied by 100%. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures."

(3) Calculated by dividing adjusted EBITDA (non-IFRS measure) by revenue for the year multiplied by 100%. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures."

(4) Calculated by dividing total current assets by total current liabilities as of the end of the year.

(5) Calculated by dividing total current assets minus inventory by total current liabilities as of the end of the year.

Our gross profit margin decreased from 15.4% in 2023 to 11.8% in 2024, primarily due to the higher revenue contribution from smart cockpit solutions, which carry a relatively lower gross profit margin compared with that of our R&D services and intelligent vehicle connectivity solutions. Our gross profit margin increased from 14.1% in 2022 to 15.4% in 2023, primarily due to an increase in our gross profit margin for smart cockpit solutions, which was mainly related to the growing customer demand for our smart cockpit solutions, and an increase in the shipment volume of certain products and solutions with a higher price.

See "Financial Information."

PATH TO PROFITABILITY

We have not been profitable in any financial year since our establishment. Our revenue increased significantly during the Track Record Period, growing from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further to RMB2,557.0 million in 2024. However, despite this robust revenue growth, it has not yet been sufficient to fully offset the various costs and expenses incurred during the Track Record Period. In 2022, 2023 and 2024, we incurred net losses of RMB452.2 million, RMB283.8 million and RMB540.8 million, respectively, and adjusted net losses (non-IFRS measure) of RMB390.5 million, RMB218.4 million and RMB352.4 million for the same periods, respectively. During the Track Record Period, our adjusted net loss margin (non-IFRS measure), representing adjusted net loss as a percentage of revenue, continually narrowed, decreasing from 32.1% in 2022 to 14.6% in 2023, and further to 13.8% in 2024. Our losses during the Track Record Period were primarily due to (i) our limited operating history of smart cockpit solutions, (ii) significant investments in R&D, (iii) our economies of sale still materializing, (iv) moderate pricing approach to gain a larger market share, and (v) investment in attracting and retaining talent. However, we believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for sustainable long-term growth. We plan to achieve breakeven and profitability by the following approaches:

- *Improve sales performance.* We believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for our sustainable long-term growth. We plan to achieve breakeven and profitability primarily through (i) capturing market opportunity, (ii) strengthening existing collaborations and attracting new customers, and (iii) expanding overseas markets.

- *Improving gross profit margin.* Our ability to increase our gross profit margin is crucial to our business success and profitability. We plan to further improve our gross profit margin through (i) innovating and refining our offerings, (ii) managing costs of materials and components effectively, (iii) enhancing production efficiency and (iv) enhancing inventory management.

- *Enhancing operating leverage.* Moving forward, we aim to refine our different functions and efficiently manage operational efficiency to support our sustained growth. We believe our historical and current investments in research and development have already yielded substantial benefits. Looking ahead, we expect the research and development expenses as a percentage of revenue to decrease over time. We will also actively monitor our administrative expenses and improve our operational efficiency. In addition, we will leverage our solid customer relationships and communication channels to secure more contracts and acquire customers more cost-effectively to control our selling expenses.

We believe that expanded revenue scale, improved gross profit margin and enhanced operating leverage will drive our profitability. During the Track Record Period, our adjusted net loss (non-IFRS measures) showed a positive trend towards reaching breakeven. Based on the foregoing, our Directors believe that our business is sustainable. Taking into consideration the financial resources presently available to us, including cash and cash equivalents on hand, internally-generated funds and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and at least for the next 12 months from the date of this document.

For a detailed path to profitability analysis, see "Financial Information — Path to Profitability."

IMPACT OF THE COVID-19 PANDEMIC

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected China's and the global economy. The COVID-19 pandemic had adverse impact on automotive OEMs' operations as their manufacturing and sales generally slowed down and their production schedule experienced delays due to the global supply shortage of certain raw materials and components. The COVID-19 outbreaks in China and the measures taken to contain the spread caused an effect to the extent that certain on-site office activities, manufacturing process, and research and development activities had to be delayed or cancelled. We managed to mitigate the impact on our operations and performance by taking various measures, including implementing remote work arrangements for research and development activities, stocking raw materials, maintaining continuous operation of our factories, and working with logistics and transportation partners to guarantee timely delivery of our products. There were not material disruptions on our production activities due to the COVID-19 outbreak. We believe that our operational and financial performance was not materially affected by the COVID-19 pandemic during the Track Record Period. Since the COVID-19 pandemic subsided from early 2023, our business and the operation has resumed to normal.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Ying, our founder, chairman of our Board, executive Director and general manager, was entitled to exercise approximately 34.14% of the voting rights in our Company through: (i) 32,295,581 Shares (representing approximately 23.14% of the voting rights in our Company) directly held by him, and (ii) 15,350,000 Shares (representing approximately 11.00% of the voting rights in our Company) held by our Employee Incentive Platforms, which were controlled by Mr. Ying as their respective general partner.

Immediately upon completion of the [**REDACTED**], Mr. Ying will, by himself and through our Employee Incentive Platforms, be entitled to exercise approximately [**REDACTED**]% of the voting rights of our Company (assuming that the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights of our Company (assuming that the [**REDACTED**] is exercised in full). Accordingly, Mr. Ying and our Employee Incentive Platforms constitute a group of Controlling Shareholders upon completion of the [**REDACTED**].

PRE-[REDACTED] INVESTORS

We have attracted certain Pre-[**REDACTED**] Investors and completed eight rounds of financings from them since our establishment to raise funds for the development of our business as of the Latest Practicable Date. For further details of the identity and background of the Pre-[**REDACTED**] Investors, the amount raised and the usage of proceeds, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

A SHARE LISTING PREPARATION

In January 2022, we entered into a tutoring agreement with Guotai Junan Securities Co., Ltd. (**國泰君安証券股份有限公司**) to act as a sponsor to undergo a tutoring process (**輔導期**) for a potential A share listing on the SSE STAR Market (the "**A Share Listing Preparation**"). As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to the A Share Listing Preparation. Following the completion of the [**REDACTED**] and the [**REDACTED**] on the Stock Exchange, the Company would continue to monitor market movements and regulatory conditions to weigh and may pursue a listing of Shares at a stock exchange in the PRC. See "History, Development and Corporate Structure — A Share Listing Preparation."

RECENT DEVELOPMENT

Despite the continuous growth in our business operations, we anticipate continuing to record an adjusted net loss in 2025, primarily because (i) we expect to continue to incur substantial research and development expenses as we allocate funds to our research and development activities, with the benefits and incentives paid to our research and development personnel occupying a majority of our overall staff costs, (ii) we anticipate an increase in selling expenses and administrative expenses in absolute amount as we continue to invest in achieving economies of scale, which is in line with our business growth, and (iii) we foresee a decrease in other gains, as we assumed that gains from changes in fair value of financial assets at FVTPL in 2024, which is associated with our equity interest in an intelligent new energy vehicle manufacturer, were one-off in nature.

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix I to this document, and up to the date of this document.

DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend. Pursuant to our Articles of Association, subject to the approval of our Board and Shareholders, we may distribute dividends to our Shareholders when we have distributable profits and after ensuring sufficient working capital for the Company and making required statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] committee of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] and the H Shares to be converted from Domestic Shares, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2024, which is over HK$500 million, and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the low end of the indicative [**REDACTED**] range, exceeds HK$4.0 billion.

[**REDACTED**]

[**REDACTED**]

[REDACTED] EXPENSES

Our [**REDACTED**] mainly include [**REDACTED**], professional fees, and other fees in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), accounting for [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. The estimated total [**REDACTED**] expenses consist of (i) sponsor and [**REDACTED**]-related expenses (including but not limited to [**REDACTED**]) of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and (ii) non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and other fees and expenses of approximately RMB[**REDACTED**] (approximately HK$ [**REDACTED**]).

In 2022 and 2023, we incurred [**REDACTED**] expenses for the [**REDACTED**] of nil. In 2024, we incurred [**REDACTED**] expenses of RMB[**REDACTED**], which was charged to the consolidated statements of profit or loss. We expect to incur additional [**REDACTED**] expenses, (i) approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]) of which is expected to be directly attributable to the issue of [**REDACTED**] and will be recognized as a deduction in equity directly upon the [**REDACTED**]. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

[**REDACTED**]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expanding our portfolio of products and solutions and enhancing our technology, further strengthening our comprehensive in-house capabilities spanning software, hardware, and cloud-based vehicle connectivity.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to enhance our production, testing, and validation capabilities.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to expand our sales and services network and to raise our brand awareness.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for strategic acquisitions aimed at further integrating industry resources.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be allocated to working capital and general corporate purposes.

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

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

"Accountants' Report"	the accountants' report of the Company, the text of which is set out in "Appendix I"
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of the Company conditionally adopted on June 24, 2024 with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China", "Mainland China" or "PRC"	the People's Republic of China and for the purpose of this document only and for geographical reference only, except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong SAR, Macau Special Administrative Region and Taiwan Region

"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant, an independent market research and consulting company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司), a joint stock company established in the PRC with limited liability on December 2, 2021, or, where the context requires (as the case may be), its predecessor, Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co., Ltd. (上海博泰悦臻電子設備製造有限公司), a limited liability company established in the PRC on October 20, 2009
"Compliance Adviser"	Guotai Junan Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Ying and the Employee Incentive Platforms, further details of which are set out in "Relationship with the Controlling Shareholders"
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are [**REDACTED**] for and paid up in Renminbi and not [**REDACTED**] or [**REDACTED**] on any stock exchange
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《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 Platforms"	Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Miaolong, Shanghai Fengwulin, Shanghai Yingzhi, Shanghai Yehe, or any one of them as the context may require
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange

[**REDACTED**]

"Group," "our Group," "we" or "us"	the Company and our subsidiaries from time to time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"H Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong", "HK" or "Hong Kong SAR"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
"independent third party(ies)"	entity(ies) or person(s) which, to the best of our Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	March 18, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

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

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Mr. Ying"	Mr. Ying Zhenkai (應臻愷), founder of the Group, chairman of the Board, executive Director and general manager of the Company
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC AoA Guidelines"	Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Jingtian & Gongcheng, our legal advisor as to PRC law
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in the Company undertaken by the Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) as set out in "History, Development and Corporate Structure"

[**REDACTED**]

"QIB"	qualified institutional buyer within the meaning of Rule 144A
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	Securities and Futures Commission of Hong Kong

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Chushui"	Shanghai Chushui Yanguan Enterprise Management Partnership (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on December 5, 2018
"Shanghai Fengwulin"	Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳午麟企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 3, 2019
"Shanghai Jinlin"	Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 10, 2016
"Shanghai Miaolong"	Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 24, 2020
"Shanghai Rujia"	Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 10, 2016
"Shanghai Yehe"	Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 24, 2020
"Shanghai Yingzhi"	Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 3, 2019
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)

"Sichuan Fund Employees"	Zheng Yanhua (鄭晏華), An Shuai (安帥), Zhou Yanyu (周彥羽), Zhou Xinzhu (周新築), Feng Yueqian (馮月倩), Bai Dongyu (白棟宇), Guo Qing (郭慶), Yang Jinghao (楊晶昊), Wu Dan (吳丹), Tang Kexin (唐可欣), He Ruixue (何瑞雪) and Yong Ruochen (雍若辰), all being employees of general partners of Sichuan Funds
"SSE STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)

[**REDACTED**]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of the 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 financial years ended December 31, 2022, 2023 and 2024
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"Trial Measures" or "Overseas Listing Trial Measures"	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》) promulgated by the CSRC on February 17, 2023

"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Export Control Legal Advisor"	Hogan Lovells, the legal advisor as to U.S. export control law to the Company
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"VAT"	value-added tax

[**REDACTED**]

"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

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.

This glossary contains definitions of certain technical terms used in this document in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

"3G"	the third generation of mobile telecommunications technology, following the first generation (1G) and the second generation (2G)
"4G"	a collection of fourth generation cellular data technologies, succeeds the third generation (3G)
"5G"	the fifth generation of cellular data technology, succeeds the fourth generation (4G) and related technologies
"2K"	when used with respect to display resolution, refers to any resolution with a horizontal pixel count of approximately 2,000
"4K"	when used with respect to display resolution, refers to any resolution with a horizontal pixel count of approximately 4,000
"AI"	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
"ACL"	access control list, a list of user permissions for a file, folder or other data object
"API(s)"	application programming interface, a set of commands, functions, protocols and objects that programmers can use to create software or interact with an external system
"APK(s)"	android package kit, the file format for applications used on the Android operating system
"ADAS"	advanced driver assistance systems, or advanced driver assistance system, refers to electronic systems developed to automate, adapt, and enhance vehicle systems for safety and better driving, normally featuring level 1 and level 2 (covering level 2+) driving automation on a vehicle supporting human drivers

"ADSP"	acoustic digital signal processor, a specialized microprocessor designed specifically for processing audio signals in the digital domain
"APA"	automatic parking assistance, a feature that uses sensors to help park the car in a parking space
"AR HUD"	augmented reality head-up display, a technology that projects digital information directly onto a transparent display, such as the windshield, within the driver's field of view
"ASIL"	automotive safety integrity level, a risk classification scheme defined by the ISO 26262, Functional Safety for Road Vehicles standard. There are four ASILs identified by the standard, ASIL-A, ASIL-B, ASIL-C and ASIL-D
"AutoSAR"	Automotive Open System Architecture, a development partnership of automotive interested parties founded in July 2003
"AVM"	automatic vehicle monitoring, a system that uses a GPS to track the location of vehicles in a fleet in real time
"BSP"	board support package, in the context of a SoC, BSP is like a "starter kit" of essential software that helps the operating system communicate directly with the specific hardware on the SoC
"CAGR"	compound annual growth rate
"CAN"	controller area network, a standard designed to allow microcontrollers and other devices to communicate with each other without a host computer
"CAN FD"	CAN with flexible data, a data communication protocol that sends control information and sensor data between parts of an electronic system
"CPU"	central processing unit, the primary component of a computer that processes instructions

"Chinese OEM(s)" or "domestic OEM(s)"	refers to Chinese homegrown automobile manufacturers, excluding OEMs that are a joint venture established by a Chinese automotive enterprise and a foreign automotive company
"Chinese automotive brand(s)"	an automotive brand that is owned and controlled by a Chinese OEM
"CMS"	camera monitoring system
"design win"	refers to an achievement when a company's product is selected and approved for inclusion in a specific vehicle model or modular car platform by an OEM or Tier-1 supplier
"DIP"	dual in-line package, a type of electronic component housing that contains an integrated circuit (IC) or other device
"DMIPS"	Dhrystone Million Instruction Per Second, a standardized metric to evaluate the integer processing capabilities
"DMS"	driver monitoring system, an advanced safety technology designed to track and analyze a driver's behavior and physiological state while operating a vehicle
"DVR"	driving video recorder, a camera that records the view from inside or outside a vehicle while it is driving
"E/E"	electronic and electrical architecture, which refers to the structured framework within a vehicle that integrates and manages all electronic and electrical systems
"ECNR"	echo cancellation and noise reduction, methods used in telephony to improve voice quality by preventing echo from being created or removing it after it is already present
"ECU(s)"	electronic control units, embedded systems in automotive electronics that control one or more of the electrical systems or subsystems in a car or other motor vehicle

"EMC"	electromagnetic compatibility, a characteristic of electrical and electric equipment that permits it to operate as intended in the presence of other electrical and electronic equipment, and not to adversely interfere with that other equipment
"ERP"	enterprise resource planning, a term that covers all the resources of an enterprise business, such as accounting, human resource, and sales operations
"emerging NEV brand(s)"	innovative brand that has emerged in recent years and primarily develops and sells launched NEVs
"EQ algorithm(s)"	equalization algorithm, a digital signal processing technique used to adjust the balance between different frequency components of an audio signal
"FOTA" or "Firmware Over-The-Air"	a technology that allows device manufacturers and network providers to remotely update the firmware of internet-connected devices wirelessly
"full duplex"	in voice systems, full-duplex allows for simultaneous speaking and listening, enabling natural, two-way conversations without the need to alternate between speaking and receiving
"GPS"	global positioning system, a satellite navigation system used to determine the ground position of an object
"GPU"	graphic processing unit, a processor designed to handle graphics operations, such as 2D and 3D calculations and rendering
"HD"	high definition
"HMI"	human-machine interface, a user interface that enables interaction and communication between a human operator and a machine, system, or device, facilitating control, monitoring, and data exchange
"HPA"	home-zome parking assistance, a feature that helps drivers park their cars in a private or underground parking space

"HSM"	hardware security module
"HUD"	head-up display, a technology that projects important information onto the windshield or a transparent screen
"IATF 16949"	a standard that establishes the requirements for a quality management system, specifically for the automotive sector
"IMS"	in-cabin monitoring system, which comprises of a set of sensors and cameras designed to observe and analyze the behavior and condition of vehicle occupants
"ICT"	in-circuit testing, a testing mechanism designed to evaluate and verify individual components on a printed circuit board assembly
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data over the internet
"LCD"	liquid crystal display, a type of screen technology that uses liquid crystals between layers of glass or plastic
"LIN"	local interconnected network, a low-cost, single-wire serial network protocol that allows components in a vehicle to communicate with each other
"LLM"	large language model, a type of artificial intelligence system designed to understand and generate human-like text based on vast amounts of data
"MCU(s)"	microcontroller units, small computers on a single IC containing a processor core, memory and programmable input and output
"NEV"	new energy vehicle
"NVH"	noise, vibration and harshness, when used in the automotive industry, a term to describe the quality of a vehicle in terms of the sounds it makes, the vibrations it generates, and the overall feeling of roughness or smoothness that it conveys to users
"OEM(s)"	original equipment manufacturers, when used in the automotive industry, a company that designs, develops, and manufactures vehicles

"OMS"	occupant monitoring system, a technology that tracks and assesses the presence, position, and condition of vehicle occupants
"open-source software"	a software whose source code is made freely available for possible modification and redistribution
"OTA"	over-the-air, referring to the wireless delivery of software updates, data, or configuration changes, which allows devices such as vehicles to receive enhancements and fixes through the internet
"PCB"	printed circuit board, a flat board that supports and electrically connects electronic components, which uses conductive pathways etched onto its surface to facilitate their operation
"PLM"	product lifecycle management, refers to the handling of a good as it moves through the typical stages of its product life, such as development and introduction, growth, maturity/stability, and decline
"PPAP"	production part approval process
"premium brand(s)"	passenger vehicle brand whose models with different configurations are generally sold at an average manufacturer's suggested retail price between RMB250,000 and RMB500,000 in China
"QNX"	a Unix-like real-time microkernel operating system primarily used in the embedded systems market
"RPM"	revolutions per minute, a unit of measurement used to describe the rotational speed of an engine or other rotating component in vehicle
"RPA"	remote parking assistance, a feature that helps drivers park and exit parking spaces without being in the car
"RFQ"	request for quote, a process in which a company solicits select suppliers and contractors to submit price quotes and bids for the chance to fulfill certain tasks or projects
"RTOS"	a real-time operating system

"SDK(s)"	software development kits, a collection of software used for developing applications for a specific device or operating system
"SMT"	surface-mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
"SOA"	service-oriented architecture, a design paradigm where software applications are structured as discrete, interoperable services, which communicate over a network to provide functionality and enable integration across different systems
"SoC(s)"	systems-on-chip(s), 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
"SOR"	statement of requirement, a document that defines and specifies the needs, expectations, and objectives of a project, and outlines the requirements that must be met in order to achieve those objectives
"T-Box"	telematics box, an electronic device embedded to a vehicle that connects the vehicle to cloud services or other vehicles via V2X standards or a cellular network
"Tier-1 supplier(s)"	a company that supplies automotive components or systems directly to OEMs
"TSP(s)"	telematics service providers
"UBI"	usage-based insurance, also known as telematics insurance, is a model where insurance premiums are determined by individual usage and driving behavior
"V2X"	vehicle-to-everything, a communication framework that enables vehicles to exchange information with each other, infrastructure, and other entities
"VLAN"	virtual local area network, a broadcast domain that is partitioned and isolated in a computer network at the data link layer

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and [**REDACTED**]." Forward-looking statements typically can be identified by the use of words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "estimate," "expect," "forecast," "goals," "intend," "may," "objective," "ought to," "outlook," "plan," "potential," "project," "schedules," "seek," "should," "target," "vision," "will," "would" and other similar terms. Forward-looking statements reflect the current views of our Directors 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 those listed in "Risk Factors," which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

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

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plan;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned [**REDACTED**];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

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

An [**REDACTED**] *in the Shares involves various risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in the Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, results of operations, financial condition, and growth prospects. In any such event, the market price of the Shares could significantly decrease, 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 "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The automotive intelligence industry we operate in is highly competitive and rapidly evolving. Any failure to compete effectively with our competitors could have a significant negative impact on our business, results of operations, and financial condition.

We primarily operate in the highly competitive automotive intelligence industry in China, offering smart cockpit and intelligent vehicle connectivity solutions. We compete with both domestic and international companies from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, which enable them to invest greater resources in the R&D, manufacturing, sales and marketing, and customer support for their products and services than we do. Furthermore, they may have a larger customer base and more established market relationships than ours, which enable them to adapt to customers' demand more rapidly than we do.

The markets of smart cockpit and intelligent vehicle connectivity solutions in China are also subject to constant changes, including technological evolution, launching new products and solutions, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants, including established OEMs and their subsidiaries, as well as other technology companies. These new competitors may enter the markets with aggressive pricing strategies and novel technologies that make their products achieve higher levels of customer or consumer acceptance than ours, which could significantly affect our market position and growth prospects.

Intense competition from both established players and new entrants can lead to significant pricing pressure, forcing us to lower our prices to remain competitive. This pricing pressure can compress our profit margins, impacting our overall profitability. Furthermore, competitors' aggressive pricing strategies and continuous product innovations may challenge our ability to maintain or increase sales volumes. If we fail to compete successfully in the markets, our market share may decrease, and our business, results of operations financial condition, and prospects could be adversely affected.

Our historical performance may not be indicative of our future growth or financial results. If we fail to effectively manage the growth of our business or execute our growth strategies, our business, financial condition, and results of operations could be materially and adversely affected.

We have experienced substantial growth in recent years. We sold approximately 4.4 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of smart cockpit products grew at a CAGR of 42.4% from 2022 to 2024. Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further increased by 70.9% to RMB2,557.0 million in 2024. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications and delays in our business growth. In the future, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our solutions and technologies, intensified competition, material changes in technology, or declining growth rate of our total addressable market. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. All these endeavors involve risks and will require significant managerial, financial and human resources. We are likely to encounter challenges across various aspects of our operations arising from rapid business growth, such as overseeing the supply chain to support rapid business growth, navigating new markets, maintaining relationships with our customers, business partners and service providers, and managing our financial resources and liquidity position. If we fail to effectively manage the growth of our business, our costs and expenses may increase more than we have planned, and we may not successfully retain existing customers and attract new customers, respond to competition, or otherwise execute our business strategies. Any of these could adversely affect our business, results of operations, financial condition and prospects.

If our products and solutions fail to meet the evolving market need in the automotive industry, or if the adoption of automotive intelligence solutions and technologies declines, our business, results of operations, and financial condition could be adversely affected.

We sell our products and solutions to OEMs to deploy on their vehicle models which are subsequently sold to consumers. Therefore, our success heavily depends on the market acceptance of our products and solutions and related technologies. We cannot assure you that our products and solutions will be or will continue to be accepted by the market.

Our business and prospects also significantly rely on our ability to meet new technological standards and consumer expectations. We have developed comprehensive technology capabilities across software, hardware and cloud-based vehicle connectivity to offer integrated smart cockpit solutions. We also developed technologies underpinning user experience, such as vehicle multi-display, customizable navigation system and emergency rescue system. However, we cannot assure you that we can continuously achieve tremendous market acceptance with all our solutions and technologies standing the test of time. If we fail to develop and introduce new technologies or improve existing ones, or if our solutions do not adequately address emerging industry needs, we risk diminished market acceptance and reduced business performance.

In addition to our strategies to enhance our capabilities, the increased demand for our offerings largely depends on the adoption of automotive intelligence solutions and technologies in China, including the solutions and technologies for smart cockpits to enhance drivers' and passengers' in-vehicle experience. The adoption of smart cockpit solutions and products in the market hinges on various factors, including, among others, comprehensiveness of functionalities, cost considerations, driver and passenger preferences, and consumers' awareness of automotive intelligence solutions and products. There is no guarantee that our solutions and products will gain widespread recognition within the market, and OEMs could realize their objectives to increase consumer acceptance. If our solutions do not appropriately address the evolution of the automotive industry or automotive intelligence technologies, our business could be adversely affected.

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

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 Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that purchase our smart cockpit solutions and products for their vehicle models or our intelligent vehicle connectivity solutions. We have actively maintained long-term strategic cooperation relationships with many OEMs. However, we cannot guarantee that our existing customers will continue to procure smart cockpit and intelligent vehicle connectivity solutions from us 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, attract new customers, or increase customer spending also 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 new products and services and functionalities we may introduce;
- our ability to continue investing in R&D to accommodate our customers' need;
- mergers, acquisitions or other consolidation among market players; and
- the effects of domestic and global economic conditions on the development of the automotive industry generally.

We might find it challenging to offer solutions and products 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 solutions and products, and a loss of expected revenue. Our ability to retain current customers and attract new ones may be adversely affected due to our failure to meet customer service expectations, inability to hold or apply for certain licenses, permits or qualification, or customer's decision to develop their smart cockpit solutions or intelligent vehicle connectivity solutions. If we are unable to retain our existing customers, attract new customers, or increase customer spending due to any of the foregoing factors, our business, results of operations, and financial condition will be materially and adversely affected. Further, if our existing customers decrease or cease their usage of our products and services, we may be unable to acquire new customers that spend similarly or even more for our offerings, and our ability to maintain and even grow our revenue may be affected.

We had a history of net loss and net operating cash outflows during the Track Record Period, and we are uncertain about our future profitability.

We incurred net loss of RMB452.2 million, RMB283.8 million, and RMB540.8 million in 2022, 2023 and 2024, respectively. We may continue to incur net losses in the short term as we are in the stage of expanding our business and operations in the rapidly-growing automotive intelligence market in China. We expect to continue to make investments in operating activities in the near future as we will continue enhancing our existing products and services, developing new offerings, hiring qualified personnel and seeking technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a [**REDACTED**] company after the [**REDACTED**]. On the other hand, we may not be able to increase our revenue enough to offset the increase in operating expenses resulting from these investments. Failure to grow our customer base, expand product and service offerings, implement effective pricing strategies, manage raw material costs, execute sales and marketing in a cost-efficient manner, and increase operational efficiency, unforeseen trends of customer demand, substantial changes in the industry landscape, increased competition, or opportunities for investments, acquisitions, and capital expenditures could result in decreases in revenues, and significant increases in costs and expenses. Thus, we cannot assure you that we will not incur losses in the future.

We recorded net cash operating outflow of RMB463.7 million, RMB270.6 million, and RMB705.8 million in 2022, 2023, and 2024, respectively, primarily due to our operating losses. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to experience net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition.

We have been and intend to continue investing substantial resources in R&D. However, there is no assurance that these efforts will prove successful and we will generate the results we expect to achieve.

Our long-term success in the competitive automotive intelligence industry depends on our ability to continually develop and commercialize products and solutions. We steadfastly invest substantial resources in our R&D activities. We have established several R&D centers in China, including Nanjing, Shenzhen, Dalian, Shenyang, Changchun and Wuhan, enabling us to collaborate closely with OEMs across different locations while attracting top R&D talent nationwide. We have built up an R&D team comprising 639 specialists as of December 31, 2024, which represents 29.7% of our total workforce. We incurred R&D expenses of RMB277.4 million, RMB235.4 million, and RMB207.3 million in 2022, 2023 and 2024, respectively. Our current R&D efforts are focused on key technologies with respect to software and hardware for smart cockpit, as well as cloud-based vehicle connectivity solutions.

However, we cannot guarantee that we will accurately anticipate the market evolution and our significant expenditure on R&D will yield positive results as we expect. If we made any misjudgment with respect to technological developments or experience any delay or other setbacks in our R&D efforts, it could materially and adversely affect our business, results of operations, financial position and prospects. Furthermore, even if our R&D efforts are successful, we cannot guarantee that our R&D achievements will enable us to successfully develop products and solutions that are accepted by OEMs and consumers and make profits. This uncertainty could limit our ability to recover R&D costs, cause potential declines in revenue and profitability, and affect our market position. Consequently, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

Because chips and modules integrated into our products are sourced from single or limited source of suppliers, we are susceptible to supply shortages, long lead times for chips and modules, supply changes, and changes in business relationship, any of which could disrupt our supply chain and could delay deliveries of our products to customers.

Chips and modules are critical components for developing our advanced smart cockpit solutions, making our business reliant on chip suppliers. During the Track Record Period, purchases from our largest supplier in each year, all of which were chip or module suppliers, amounted to RMB79.9 million, RMB136.4 million, and RMB478.8 million, which accounted for 8.2%, 13.9%, and 25.2% of our total purchases, respectively. Given that the concentration in the chip and module industry, especially for mid-end and high-end chips and modules, we can only source from single or limited suppliers. As a result, we are dependent on such suppliers to maintain a reliable and sustainable supply chain for continued production.

In addition, we experienced some fluctuations in prices of automotive-grade chips due to the global chip shortage, exacerbated by the COVID-19 pandemic starting in late 2020. According to CIC, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024. Despite the stabilization of chip prices since 2023, we remain exposed to the risk of potential shortages or supply disruptions. If chip prices continue to rise, our production costs could increase. This cost escalation may compel us to either absorb the higher expenses, which could adversely affect our financial performance, or pass the increased costs on to customers, potentially leading to a loss of market share and a competitive disadvantage. Suppliers might prioritize allocations based on customer importance or industry demand, leading to selective availability of chips. Under this circumstance, we might fail to secure an adequate supply of chips under favorable business conditions, if at all, which could prevent us from meeting our client commitments. Any failure to fulfill OEM customers' orders could cause us to record lower sales and lose customers. Additionally, the extended lead times associated with chip procurement might delay the development and manufacturing of our smart cockpit solutions, which could affect our time-to-market for new products and our ability to compete effectively in the industry.

We depend on the continued efforts of our key management, as well as qualified and experienced personnel, and any failure to attract, motivate and retain such individuals would materially and adversely affect our business, results of operations, and financial condition.

Our success depends on the continued efforts of our key management and certain qualified and experienced personnel. If we lose their services, we may not be able to locate, or may incur great costs to recruit and train suitable or qualified replacements in a timely manner, or at all, which could harm our business, results of operations, and financial condition.

We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in the automotive intelligence industry. Even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals will choose to join or continue to work for us. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill important positions, we may be unable to manage our business effectively, which could adversely affect our business, results of operations, and financial condition.

There can be no assurance that our efforts seeking design wins for our products and solutions will succeed.

We consider obtaining design wins to be a critical milestone in our relationship with OEM customers as it opens up further collaboration opportunities and plays a vital role in developing products and solutions. Therefore, we make significant efforts in presenting our products and solutions to OEMs to obtain design wins. We had cumulatively serviced over 200 car models across more than 50 automotive brands as of December 31, 2024.

However, despite significant efforts, we may fail to achieve a design win for our smart cockpit solutions, which could disrupt the development and commercialization of our solutions, further resulting in a negative impact on our revenue. Furthermore, if we fail to achieve a design win for a specific vehicle model, it would be more challenging for us to compete with our peers on designs for other vehicle models of such OEMs. If we fail to win a significant number of OEM design competitions in the future, it could have an adverse impact on our business, results of operations, and financial condition.

We cannot assure you that our existing OEM customers will purchase our products and solutions in any certain quantity or at any certain price, and our revenue from sales of such product and solutions are uncertain.

Upon obtaining design wins from certain OEMs, we develop customized smart cockpit and intelligent vehicle connectivity 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 do not generally 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, adding uncertainty to the revenue generated. Additionally, OEMs may experience delays or cancellations in the development of the models related to the design wins, 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. If actual production orders from our customers are not consistent with their projections in calculating the amount of the awarded business, we could realize substantially less revenue over the life of these projects than the projected estimate. Besides, any predictions or internal budgets on our future revenue and expenses based on the OEMs' estimates may not be accurate due to the uncertainty, which could differ materially from our expectations.

In addition, the sales results of a vehicle model depend on overall end-user experience, which are all beyond our control. Despite effective deployment and operation, the vehicle models integrated with our products and solutions may generate poor sales results due to the overall end-user experience of the vehicle models, which, in turn, could affect the sales of our products and solutions.

Furthermore, our revenue from sales of our products and solutions to OEMs are impacted by customer demand based on actual market conditions and the pricing of our products and solutions. Our pricing agreements with OEMs generally specify prices for our products and solutions during the term of the contract. We typically negotiate our agreements with OEM customers annually, and some OEM customers may require us to offer annual price reduction during the contract period after the mass-production stage. If a vehicle model equipped with our solutions is unsuccessful, even for any reasons unrelated to our solutions and products, the OEM (or in respect of certain vehicle models, an affiliate of the relevant OEM) may decide to terminate or reduce the production of this vehicle model, which could lead to shipment volume less than we forecast. We may also face pricing pressures from OEM customers due to their restructuring, consolidation, cost-cutting initiatives or increased competition, and we adjust our pricing strategies based on the OEM customer's profile and the estimate sales of their vehicles. If we are unable to reduce our production costs or launch new solutions and products sold in a higher price range to offset the price reductions, our business, results of operations, and financial condition would be adversely affected.

If some of our OEM customers decide to develop their own smart cockpit and intelligent vehicle connectivity solutions, our business, financial condition, and results of operations could be materially and adversely affected.

Our customers primarily consist of Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that install our smart cockpit solutions and products on their vehicles or purchase our intelligent vehicle connectivity solutions. For details of our collaboration with these OEMs, see "Business — Our Customers." In recent years, OEMs have been making in-house efforts to develop their own smart cockpit solutions and vehicle connectivity solutions in response to the automotive intelligence trend, and certain OEMs have managed to develop their own solutions. In the future, certain of our OEM customers may choose to develop their own smart cockpit and intelligent vehicle connectivity solutions, which may reduce their demand for our solutions and products. We cannot assure you that our existing OEM customers will continue to purchase our products and solutions and not develop their proprietary solutions. If some of our OEM customers choose to develop such solutions on their own, it could lead to substantial and adverse effects on our business, financial condition, and results of operations.

If the vehicle models featuring our products underperform or fail to gain substantial market acceptance, our business, financial condition, and results of operations could be materially and adversely affected.

Our business is significantly influenced by the performance and market acceptance of the vehicle models that integrate our products, as demand for our solutions are closely tied to the success of these vehicle models. The market acceptance of these vehicle models is linked to the market share of our OEM customers, influenced by factors beyond our control, such as shifts in consumer preferences towards different vehicle brands, technological advancements that may enhance competing products, economic conditions affecting consumer spending on vehicles, and regulatory changes impacting vehicle production. Furthermore, the success of specific vehicle models is also subject to the OEM customers' internal decisions regarding investment and promotion, which are not within our control. Should the vehicle models featuring our products underperform or fail to gain significant market acceptance, it could lead to substantial and adverse effects on our business, financial condition, and results of operations.

Our products and solutions and associated hardware and software, due to the intricate nature, may have undetected defects, errors, or bugs, or fail to perform as expected, potentially creating safety issues, reducing market acceptance, diminishing our customer satisfaction, damaging our reputation and brand, and exposing us to product liability and other claims, all of which could adversely affect our results of operations.

Most of our smart cockpit 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 manufacturing standards. They may contain errors, defects, security vulnerabilities, or software issues difficult to detect and correct, especially upon initial release or when introducing new versions or enhancements. We may encounter difficulties in effectively addressing issues to meet the expectations of our OEM customers, which could potentially cause a negative impact on our reputation and may limit our opportunities for collaboration with other OEMs.

Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products and solutions may weaken consumer confidence and trust in our products and solutions and result in even losses to our OEM customers. 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 expend additional resources to correct the problem. Furthermore, these issues could potentially lead to lawsuits, including those filed against us by OEMs, consumers 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, results of operations, and financial condition may be adversely affected.

Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our intelligent vehicle connectivity solutions may materially and adversely affect our business and profitability.

Our future success depends in part on our ability to manage our supply chain to timely manufacture and deliver our products with quality. We source the raw materials and some of the components for our smart cockpit products from third-party suppliers, including suppliers for automotive-grade chips, integrated circuits and structural components. Our business operation and financial condition rely on our capabilities to efficiently and cost-effectively obtain raw materials and components. Should there be any further rise in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, the lead times associated with certain raw materials and components are lengthy and preclude rapid changes in quantities and delivery schedules. We may in the future experience shortages and price fluctuations of certain key components with limited foresight into their supply stability or price variability. These potential shortages or cost changes could significantly and negatively impact our business in the future.

In addition, the supply chain of our raw materials and components is subject to risks associated with geopolitical tensions or health epidemics globally. Any disruption caused by trade barriers, levies, labor stoppages or other disturbances could hinder our ability to procure raw materials or components both promptly and affordably from our third-party suppliers. Any future shortage may lead to increases in the prices of alternative chips and may cause suppliers to allocate available chips more selectively among their customers across these industries which could disrupt our supply chain and prevent us from meeting our client commitments. Moreover, such shortage could lead to increases in raw material cost and negatively impact our future profitability. We may have to maintain a higher level of inventories to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. See "— We may be subject to inventory obsolescence risk."

We also rely on certain third-party service providers to create a comprehensive ecosystem that delivers superior value, innovation, and convenience to end-users, which is essential for our business success. For example, we have cooperated with cloud service providers and content providers. If the supply of these services is disrupted or delayed, there can be no assurance that additional supplies or services can serve as adequate replacements or that supplies will be available on terms that are favorable to us, if at all. Moreover, even if we can identify adequate replacements on substantially similar terms, our business could be adversely affected until those efforts are completed. Any disruption or delay in the supply of these services may interrupt the services of our offerings for the end-users or cause other constraints on our operations that could damage our customer relationships, which would materially and adversely affect our business, results of operations, and financial condition.

We are dependent on certain major suppliers. In 2022, 2023 and 2024, purchases from our five largest suppliers in each year accounted for 32.1%, 40.8%, and 56.6% of our total purchases, respectively, and purchases from our largest supplier in the relevant years accounted for 8.2%, 13.9%, and 25.2% of our total purchases, respectively. We cannot guarantee that our business relationships with these suppliers will be successfully maintained in the future. If there is any discontinuation or loss of business with respect to our cooperation with our major suppliers, it could result in interruption or delay in the supply of any of the key materials, components or services, or we may not be able to procure alternative raw materials, components or services in a cost-efficient and timely manner. As a result, our business, results of operations, and financial position could be materially and adversely affected.

We currently have a concentrated customer base with a limited number of key customers for a significant portion of our revenue. If we were to lose or see a significant drop in sales to these major customers, our revenue could be adversely affected, and our results of operations could be further negatively impacted.

The sales of our products and solutions for mass-produced vehicle models are dependent on the popularity of such vehicle models, which is subject to evolving consumer preferences and technological advancements. As a result, we generate a substantial portion of our revenue from a limited number of customers, primarily OEM customers. For the years ended December 31, 2022, 2023 and 2024, the aggregate revenue generated from our top five customers in each year of the Track Record Period amounted to RMB1,018.5 million, RMB966.4 million, and RMB1,902.1 million, which accounted for 83.6%, 64.6%, and 74.4% of our total revenue, respectively. For the same years, revenue from the largest customer amounted to RMB404.4 million, RMB428.2 million, and RMB998.5 million, which accounted for 33.2%, 28.6%, and 39.1% of our total revenue, respectively. For details, see "Business — Our Customers." It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenue for the foreseeable future and, in some cases, the portion of our revenue attributable to one single customer may increase in the future.

Our future business, results of operations, and financial position may continue to rely on a small number of customers. We cannot ensure that our existing customers will maintain their partnerships with us, sustain their current level of business or upkeep their market position and reputation. Our existing OEM customers may decide to discontinue using our products in their vehicle models, either by developing their own solutions or opting for our competitors' offerings. To the extent that our product cost or performance does not meet customer expectations, or our reputation or relationships with one or more major customers are impaired for any reason, we may lose future business with such customers, and as a result, our ability to generate revenue would be adversely impacted. Additionally, our OEM customers' production levels are influenced by a wide range of factors that may be beyond our control, including supply chain challenges and market conditions. If our major customers reduce or terminate their business with us, or if we are unable to negotiate favorable contracts with them, or fail to secure new customers on favorable terms, it could materially and adversely impact our business, results of operations, and financial condition.

We benefit from business collaboration with our business partners. These relationships may not contribute to significant revenue, and any adverse changes in these partnerships may harm our business, results of operations, and financial condition.

Building and sustaining key alliances is essential for the ongoing growth and prosperity of our business. We have forged mutually beneficial partnerships across the industry value chain. For instance, we have a strategic partnership with Qualcomm and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset, which has secured design wins for mainstream models from notable customers. We also collaborate with BlackBerry to develop smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. We also signed an R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We highly value our business partners and recognize the importance of continuously seeking and negotiating collaboration opportunities with other industry players. If we cannot sustain our current partnerships or fail to establish new, crucial relationships on favorable terms, or at all, we might struggle to promptly secure alternative agreements on acceptable terms and we may face increased costs to develop and provide capabilities offered by our current partners independently, which could negatively impact our business, results of operations, financial condition and prospects.

The results of our collaboration with these third parties are uncertain, and we cannot assure you that these cooperations are going to generate significant revenue. We may face obstacles and delays in our business if our partners fail to meet agreed-upon timelines or encounter capacity limitations. In addition, disagreements over budget or funding for joint development projects could arise between us and our business partners. There is also the potential for future disputes with partners, particularly regarding intellectual property rights. Any of these issues could negatively impact on our business, results of operations, and financial condition.

Failure to comply with relevant regulations, or obtain and maintain required licenses, approvals and permits in a timely manner, may harm our business, results of operations, and financial condition.

The industries we operate in are highly regulated. We are required to obtain and maintain the requisite licenses and approvals required to operate our business. As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all the licenses and made all the filings with competent governmental authorities in all material aspects that are essential to the operation of our business in China. For details, see "Business — Licenses and Permits." However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. The interpretation and implementation of existing and future laws, regulations and policies governing our business activities may be further amended. We cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes in the relevant authorities' interpretation of these laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that was generated through the unlicensed internet or mobile activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may affect our business operations and materially and adversely affect our business, results of operations, and financial condition. For details of the requisite licenses and approvals for our business operations, see "Regulatory Overview."

Our future success depends, in part, on our ability to adjust our manufacturing capacity to market demand and to improve our productivity. Any interruption in our production may have an adverse impact on our business, results of operations, and financial condition.

We undertake the assembly of most of our smart cockpit products in our own manufacturing facilities. Our manufacturing center in Xiamen produced over 1.9 million smart cockpit hardware products during the Track Record Period. 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, internal production processes and external distribution 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, 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 operate our business. Our facilities and certain equipment located in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory located in our facilities. Although we had purchased insurance to cover certain potential risks and liabilities for the property of Xiamen production facility, including the risks of fire, earthquake, typhoon and heavy rain, the occurrence of such an event is still likely to affect our business materially and adversely. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, results of operations, and financial condition.

Delays, disruptions, cost overruns, or unforeseen outcomes may occur during the construction and expansion of our new production facilities.

We are currently in the process of constructing production facilities in Liuzhou and Rui'an, and exploring nationally strategic locations for new production facilities. The expansion could experience delays or other difficulties and will require significant capital. There is no guarantee that we can complete these constructions in a cost-effective manner or recoup these investments through our production and sales. Any construction delays or budget overruns could adversely affect our product capacity, business, results of operations, and financial condition.

In accordance with PRC laws and regulations, construction projects are subject to government oversight and approval processes, including but not limited to project approvals and filings, approvals for construction land and project planning, environmental protection permits, pollution discharge licenses, drainage permits, work safety approvals, fire protection clearances, and inspections and acceptance by relevant authorities. Entities operating these construction projects may face fines or project use suspensions, any of which would materially and adversely affect our business operations.

Failure to provide high-quality maintenance and support services to our customers could damage our relationships with them and further harm our business.

Our ability to retain existing OEM customers and attract new OEM customers depends on our ability to maintain a consistently high level of customer support. Our customers depend on our support team to assist them in resolving issues in connection with our products and solutions quickly and to provide ongoing support. We maintain a product warranty for our OEM customers that typically spans three to five years or 60,000 to 150,000 kilometers. Within this warranty period, any software- or hardware-related quality concerns reported by the OEM that stem from our end will be promptly addressed with repairs or replacements at no additional cost, subject to specific conditions for each issue.

As we expand our operations and support customer growth, it is crucial to maintain efficient customer support that meets their needs on a larger scale. However, we may struggle to recruit or retain enough qualified support personnel experienced with our products and solutions. We may also be unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. All of these potential situations could hinder our ability to quickly respond to short-term spikes in demand for technical support or maintenance, which would further adversely affect our ability to retain existing customers and could prevent prospective customers from purchasing our products or adopting to our services. Any failure to provide high-quality maintenance and support services, or a market perception that we do not provide high-quality maintenance and support services, could adversely and materially affect our reputation and business.

Our business success relies on ability to build our brands and reputation. Negative publicity or legal proceedings involving our Company, directors, senior management, employees, business partners, or our industry could adversely affect our reputation, business operations, and financial performance.

We believe that building our brands and reputation is crucial to our success. Our brand reputation and images may be damaged by product defects, product liability claims, incident reports, negative media coverage or other forms of negative publicity regarding our industry, brands, products, our Company, directors, senior management, employees or business partners. For example, negative publicity concerning the automotive intelligence industry, whether directly or indirectly related to us, may affect the general consumer perceptions and acceptance of smart cockpit products and solutions. Negative media coverage including negative comments, reviews or false information about our brand or products on social media platforms, or any negative publicity, regardless of veracity, relating to our Company, Directors or senior management of our Company, or employees, customers and suppliers or other strategic partners of our Group, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. In particular, as we sell products and solutions to OEMs to integrate them to specific vehicle models, any negative publicity relating to those vehicle models could lead to a decrease in market demand for OEMs, further damaging our sales to OEMs. In addition, we may face negative publicity or legal proceedings involving our Company, directors, senior management, employees, or business partners we collaborate with from time to time, which may adversely affect our brand, reputation and business and diminish the appeal of our brand to consumers. Certain negative publicity may come from malicious harassment or unfair acts by third parties or our competitors, and some of legal proceedings may be without grounds, both of which are beyond our control but likely to affect our reputation and business materially and adversely.

Our business is subject to seasonality.

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, the delivery of our products and solutions typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year.

Moreover, we anticipate that our operating costs will increase significantly in specific periods in the future due to various factors, including the development of new solutions and technologies, the enhancement of technological capabilities, the expansion of production facilities and sales networks, and the scaling up of general administrative functions to support our growing operations. During periods when we introduce new products and solutions, we may incur significant R&D or marketing expenses without generating corresponding revenue until the products are delivered to customers in subsequent periods. As a result, a decline in our growth rate or an increase in seasonal spending could significantly affect our revenue, cash flow, and operating results on a period-to-period basis.

Our payment obligations under our indebtedness may limit the funds available to us. A breach of any of the covenants or other provisions contained in funding facilities could result in an event of default, which could result in amounts outstanding under these facilities becoming immediately due and payable as well as foreclosure by our lenders upon our critical assets.

As of January 31, 2025, our total bank borrowings amounted to RMB1.7 billion, consisting primarily of loans from commercial banks in China. The fulfillment of these debt obligations could reduce the funds available to us. If we lack adequate cash or fail to secure additional financing, or if our cash usage is constrained by laws, regulations or agreements governing our existing or future indebtedness, we may be unable to meet repayment obligations. This failure could constitute an event of default under the respective credit facilities documents, which if not cured or waived, could result in amounts outstanding under such credit facilities becoming immediately due and payable, and potentially lead to cross defaults under other agreements governing our current and future indebtedness.

Our outstanding bank borrowings contain specific financial covenants that may impose restrictions on our operations. Future borrowings may also include similar restrictive covenants limiting our shareholding structure, business and operational flexibility. Failure to meet repayment obligations, comply with affirmative covenants, or violations of negative covenants could constitute an event of default on our borrowings. The occurrence of any such default events may have a material adverse effect on our financial condition, operational results and cash flow.

Some commercial banks that have extended loans or borrowings to us have requested these loans or borrowings be secured by a pledge on trade receivables or intellectual property rights. As of December 31, 2024, among the 1,721 granted patents that we held, 165 patents had been pledged to lenders as collateral. We may not have adequate funds to repay, or the ability to refinance, the outstanding amounts under these loans and borrowings, or our lenders could foreclose upon our critical assets as collateral, including the pledged intellectual property rights, which could have a material adverse effect on our business, results of operations and financial condition.

Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally.

The success of our business ultimately depends on consumer spending. We derive a substantial part of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China and globally. The global macroeconomic environment is facing challenges, including the adverse impact on the global economies and financial markets from the COVID-19 pandemic. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine. The slow economic recoveries around the world and the high-inflation, high-interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or China's economy may materially and adversely affect our business, results of operations, and financial condition.

Expanding internationally beyond China brings operational, financial, and regulatory risks.

We are committed to tapping into international markets and growing our international sales. We have committed resources and are working closely with OEMs and other collaborators outside China to expand our international operations and sales channels. The global nature of our business subjects us to a number of risks and uncertainties, which could have a material adverse effect on our business, results of operations, and financial condition, including, among others:

- international economic and political conditions, and other political tensions between countries in which we do business;
- exchange rate fluctuations;
- global or regional health crises, such as the COVID-19 pandemic or other health epidemics and outbreaks;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally-branded products, and laws and business practices favoring local competition;

- increased difficulty in managing inventory;

- less effective protection of intellectual property;

- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions; and

- revisions in local tax and customs duty laws or revisions in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could negatively affect our international business and consequently our business, results of operations, and financial condition.

We are subject to risks associated with strategic collaborations, alliances or acquisitions.

We may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties, and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of China or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Moreover, the costs of identifying and consummating acquisitions may be significant. Furthermore, future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business. Any acquired business may be involved in legal proceedings originating from historical periods prior to the acquisition, and we may not be fully indemnified, or at all, for any damage to us resulting from such legal proceedings, which could materially and adversely affect our financial position and results of operations.

We may not be able to obtain or maintain adequate protection for our intellectual property rights, or the scope of such intellectual property rights protection may not be sufficiently broad, which could harm our business and competitive position.

Intellectual property rights serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. We have invested significant resources to develop our own intellectual property. However, events and factors beyond our control may pose risks to our intellectual property rights as well as our solutions.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. We also rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property.

The expiration or non-extension of our patents, along with potential challenges to our patent applications and rights, may weaken their ability to protect us effectively. This could lead to difficulties in preventing others from developing or exploiting competing technologies, which could have significant adverse effects on our business, results of operations, and financial condition.

As of the Latest Practicable Date, we have applied for 6,034 patents, among which 4,979 are invention patents, accounting for approximately 82.5% of our applications, and we have been granted 1,721 patents as of December 31, 2024, among which 898 are invention patents, accounting for 52.2% of the granted patents. We cannot assure you that all our pending patent applications will result in issued patents. Even if our patent applications are granted and we are issued patents accordingly, it is still uncertain whether these patents will be contested, circumvented, or invalidated in the future. Our competitors may be able to circumvent our patents by developing similar or alternative technologies or products and solutions in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords are limited. For example, in the PRC, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. We may face competition for any approved product or solution candidates even if we successfully obtain patent protection once the patent life has expired for the product or solution. Therefore, we do not know the degree of future protection that we will have on our proprietary technologies, if any, and we may not be able to obtain adequate intellectual property protection with respect to our products and solutions. Any of the foregoing could materially and adversely affect our business, results of operations, and financial condition.

We may be involved in litigation brought by third parties claiming infringement by us of their intellectual property rights, which could be time-consuming and would cause us to incur substantial costs.

In light of the increased competition among other market participants in the automotive intelligence industry, we may be exposed to higher risk of infringement or violation of intellectual property rights. Our competitors or other third parties may in the future claim that our products and services and underlying technology infringe on their intellectual property rights, and we may be found to be infringing on such rights. We may be unaware of the intellectual property rights of others that may cover some or all our technology.

Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, require us to develop alternative non-infringing technology or require that we comply with other unfavorable terms, any of which could have a material adverse effect on our business, financial condition and results of operations. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our products and services, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business.

Our use of open-source software in our applications could subject our proprietary software to general release, adversely affect our ability to sell our products and solutions and subject us to possible litigation, claims or proceedings.

We use open-source software in the development and deployment of our products and services, and we expect continued reliance on open-source software in the future. Companies that use open-source software for their products have, from time to time, encountered challenges related to the use of such software and potential non-compliance with open-source licensing terms. As a result, we could be subject to legal actions initiated by third parties who claim ownership of software that we believe falls under the category of open-source software, or who allege breaches of open-source licensing terms.

Certain open-source software licenses may require users who distribute proprietary software containing or linked to open-source software to publicly disclose some or all of the source code of that proprietary software and/or make any derivative works of the open-source code available under the same open-source license, which could include our proprietary source code. While we oversee the use of open-source software and endeavor to prevent situations where our proprietary source code may become subject to such requirements and limitations, inadvertent instances of such usage may still occur.

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 adversely impact our business.

Our automotive intelligence solutions and products contain complex information technology. We have designed, implemented, and tested security measures intended to prevent unauthorized access to these systems. For details, see "Business — Privacy and Data 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 solutions and products, 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, results of operations, and financial condition.

Potential disruptions or failures in our information technology and communication systems could affect the availability and functionality of our software systems. Our networks and systems are susceptible to malfunctions, unexpected failures, interruptions, insufficiencies, and security breaches.

The proper functioning of our information technology and communication systems is essential to our business. The satisfactory performance, reliability and availability of our information technology and communication systems are critical to our success, our ability to attract and retain members and other users and our ability to maintain and deliver consistent services to our OEM customers and end-users of our products and services. However, our technology or infrastructure may not always function properly. Our systems are vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, denial or degradation of service attacks, ransomware, social engineering schemes, insider theft or misuse or other attempts to harm our systems. Besides, any problems with our third-party service providers, such as cloud services providers and mapping service providers, could result in unexpected failures and lengthy interruptions in our business. The occurrence of such incidents, along with insufficiencies and security breaches which may occur from time to time in our information technology and communication systems could result in the unavailability or slowdown of the services we provide, which in turn could reduce the attractiveness of our offerings and cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage a large volume of inventory effectively. During the Track Record Period, our inventories and contract costs consisted primarily of raw materials and components for mass production, as well as contract costs, representing labor costs and raw material costs related to contract fulfillment, work in progress, finished goods and products under delivery. Our inventories and contract costs increased from RMB467.3 million as of December 31, 2022 to RMB488.1 million as of December 31, 2023, and further increased to RMB503.9 million as of December 31, 2024. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Inventories and Contract Costs." Our turnover days of inventories and contract assets remained relatively stable at 135 days and 138 days in 2022 and 2023, respectively, and decreased to 80 days in 2024, primarily due to the significant increase in our sales, leading to improved turnover efficiency of inventories. However, we cannot guarantee that our inventories can be fully utilized within their shelf life. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days.

We are subject to credit risk related to delay in payment and defaults of customers.

We are exposed to credit risk related to delays in payment and defaults of our various customers. As of December 31, 2022, 2023 and 2024, our trade receivables amounted to RMB418.7 million, RMB619.7 million, and RMB1,125.0 million, respectively, and our trade receivables turnover days were 91 days, 127 days, and 125 days, respectively. The increases in our trade receivables turnover days during the Track Record Period were primarily due to the seasonal fluctuations in demand for our smart cockpit solutions as affected by market trends of the automotive industry. We may not be able to collect all of our trade receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own end users. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact on our liquidity and financial condition.

We have granted, and may continue to grant options and other types of share-based payments, which may result in increased share-based compensation expenses.

We may grant share-based compensation awards to qualified individuals, primarily comprising our employees, to incentivize their performance and align their interests with ours. We recognize equity-settled share-based payment expenses in our consolidated financial statements in accordance with IFRSs. We recorded equity-settled share-based payments of RMB61.6 million, RMB65.4 million and RMB157.2 million in 2022, 2023 and 2024, respectively.

We believe the granting of share-based compensation is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations, and the shareholding of existing shareholders may experience further dilution.

We may not continue to enjoy the level of government grants that we received in the past.

We have received government grants in the past for our continuous effort in R&D activities. Over the past decades, the Chinese government has implemented various policies to support the development of technological innovation including provisions of government grant to promote and support research and development activities. We have recognized government grants for our continuing operations of RMB40.4 million, RMB27.0 million and RMB56.6 million in 2022, 2023 and 2024, respectively.

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

We have not made adequate contributions to the social insurance and housing provident fund, which could subject us to penalties.

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance system, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing fund system. An employer is required to make contributions for the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves.

During the Track Record Period and as of the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full, primarily because (i) some employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary, and (ii) for some employees there was a timing gap between their onboarding date and the completion of requisite administrative procedures before we could make the contributions. During the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us. We have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. As of December 31, 2024, the carrying amount of our aggregate shortfall in respect of the social insurance fund and housing provident fund contributions amounted to approximately RMB3.9 million. See "Business — Employees."

However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, prospects, results of operations, financial condition, and cash flows may be adversely affected.

Non-compliance with law of any third parties with which we conduct business could disrupt our business and adversely affect our business, results of operations, and financial condition.

Third parties with whom we do business, such as suppliers and business partners, might face regulatory penalties or sanctions due to non-compliance with relevant laws or infringement on other parties' legal rights. This could disrupt our business operations directly or indirectly. We conduct thorough legal reviews and verify certifications before entering into contracts with these parties and implement measures to mitigate risks associated with their potential non-compliance. However, we cannot guarantee that these third parties have not or will not violate regulatory requirements or infringe on other parties' legal rights. For instance, we may not detect all instances of intellectual property infringement, potentially resulting in liability and damages for us. Consequently, our business, financial condition, and operational results could be significantly and negatively impacted.

We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, results of operations, and financial condition.

Failure to deal effectively with fraudulent or illegal activities or misconduct by our employees would harm our business.

Illegal, fraudulent, or otherwise inappropriate activities by our employees may adversely affect our brand, business, results of operations, and financial condition. These activities may include assault, abuse, theft and other misconduct and fraud. Despite our efforts to identify and prevent such conduct, there can be no assurance that our policies and internal controls regarding the review and approval of payment accounts, sales and marketing activities, interactions with business partners and government officials and other relevant matter will prevent fraud or illegal activities or misconduct by our employees or that similar incidents will not occur in the future. Furthermore, any negative publicity related to the foregoing may adversely affect our reputation and brand, which could potentially lead to increased regulatory or litigation exposure. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perceptions of conflicts of interest and rumors could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, results of operations, and financial condition.

Increasing focus on evolving environmental, social and governance matters by regulators, customers and other stakeholders may result in additional risk and compliance costs.

We are subject to multiple environmental and safety laws and regulations related to the manufacturing of our products, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plants. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. In addition, from time to time, the Chinese government issues new regulations, which may require additional actions on our part to comply. If our plants or any of our other future constructions fail to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of our plants or other relevant constructions, any of which could have a material adverse effect on our business, results of operations, and financial condition.

Moreover, there is a growing global focus on the environmental practices of manufacturers. Additionally, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. Compliance with such regulations is considered costly industrywide. As we expand into new markets, we will become subject to additional environmental and safety laws and regulations. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices.

We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations.

Natural disaster events (such as earthquakes, tsunamis, volcanic eruptions, floods, tropical weather conditions and landslides), health epidemics (such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), Ebola, Zika and COVID-19), terrorist attacks, political unrest, financial or economic crisis and other force majeure events may adversely disrupt our operations in the countries we may expand into in the future, lead to economic weakness in such countries in which they occur and affect worldwide financial markets, and could potentially lead to economic recession, which could materially and adversely affect our business operations, financial performance, financial condition, results of operations and prospects. These events could precipitate sudden significant changes in regional and global economic conditions and cycles. These events may also potentially pose significant risks to our people and to our business operations.

We face certain risks relating to our lease properties, including any legal defects and unforeseen lease terminations of such properties.

As of the Latest Practicable Date, we leased seven properties in the PRC, among which three of our lease agreements had not been registered with the relevant local authorities and the lessor of one property had not provided title certificates. There is no assurance that the lessors will cooperate and complete the registration in a timely manner. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements will not directly affect the legality, validity and enforcement of such leases, but could result in the imposition of fines up to RMB10,000 for each unregistered lease if we fail to rectify the breach within the time prescribed. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

Furthermore, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our business risks.

We have purchased insurance to cover certain potential risks and liabilities, such as all-risk property insurance for our Xiamen production facility, which covers risks such as fire, earthquake, typhoon and heavy rain. We do not maintain business interruption insurance, key-man life insurance or litigation insurance. 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 results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. 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. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

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

For the enhancement of our operations, we have established risk management and internal control systems that are tailor-made for our business in order to minimize our actual or potential risk exposures. Despite of our ongoing efforts in implementing and improving such systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks arisen from our operations, in a timely manner, and our precautions taken to prevent and address actual or potential risks may not be effective. Also, the effectiveness of our risk management and internal control systems also depends on the implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may in turn adversely affect our operations. As such, if we fail to implement effective risk management and internal control systems in a timely manner or our preventive measures are not effective, our business, results of operations, and financial conditions could be adversely affected.

Any failure by us or our business partners to comply with applicable anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, could subject us to administrative, civil, and criminal penalties and damages to our reputation, which may adversely affect our business, results of operations, and financial condition.

We or our business partners may be subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations in various jurisdictions in which we or our business partners conduct business activities. Any failure to comply with applicable anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations could lead to significant penalties and damage to our reputation. To comply effectively with such laws and regulations, we must establish sound internal control policies and procedures with respect to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products, solutions and services from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, and other illegal purposes. If there is any violation of anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations associated with our products, solutions or services, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations, and financial condition. Similarly, if any of our subsidiaries, affiliated entities, directors, senior management, employees, business partners or agents engage in fraudulent, corrupt, or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, results of operations, and financial condition.

We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations, and financial condition.

We may be subject to claims and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or further licensing agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Our Directors have confirmed that, saved as the legal proceeding disclosed in "Business — Legal Proceedings and Compliance — Legal Proceedings," during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition or results of operations. However, new legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For details regarding our legal proceedings and compliance matters, see "Business — Legal Proceedings and Compliance."

RISKS RELATING TO JURISDICTIONS WHERE WE OPERATE

We are required to complete filing procedures with the CSRC for the [REDACTED] and [REDACTED] of our H Shares on the Hong Kong Stock Exchange.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the previous regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The [**REDACTED**] will be considered a direct overseas [**REDACTED**] and [**REDACTED**] activity by a PRC domestic company under the Overseas Listing Trial Measures. Pursuant to the Overseas Listing Trial Measures, where an issuer submits an application for [**REDACTED**] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Accordingly, we will be required to file with the CSRC in connection with the [**REDACTED**] within three business days after our application is submitted. We cannot assure you that we will receive the filing notice in accordance with the Overseas Listing Trial Measures in a timely manner. Any failure may restrict our ability to complete the [**REDACTED**] or any future equity capital-raising activities.

Changes in international relationships, geopolitics and trade protections policies, as well as associated risks like trade restrictions, sanctions, export controls, and tariffs, may materially and adversely affect our business, financial condition and results of operations.

Government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and solutions, impact the competitive position of our products and solutions, or prevent us from being able to sell products and solutions in certain countries and territories. If any legislation or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated or reinterpreted, such changes could adversely affect our business, results of operations, and financial condition.

We are susceptible to constantly changing international relations and trade policies. The overall international relationships between China and other foreign countries and regions may affect our business prospects, business partners, suppliers and customers. Any tensions between China and relevant foreign countries or regions may cause a decline in the demand for our future solutions and adversely affect our business, financial condition, results of operations, cash flow and prospects. Rising tensions in these relationships could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade and investment policies.

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. See "Regulatory Overview — U.S. Export Control Laws and Regulations." For example, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "EAR"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "BIS"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "Entity List"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If certain customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or products and solutions by us, there can be no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. There can be no assurance that the export control actions the U.S. government may take will not impact our business, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our solutions. Additional actions could also take the form of additional designations on the Entity List, which could make our solutions subject to the EAR for certain transactions if involving those parties.

In addition, EAR also maintains a list of items, software, and technologies that are subject to export controls (the "Commerce Control List" or "CCL"). The CCL sets out licensing requirements and other controls on items subject to U.S. export controls jurisdiction, as well as restriction on transfers within a country to a different end-user or end-use.

During the Track Record Period, several items we procured were subject to the EAR, including:

(1) certain items classified as EAR99 items, generally consisting of low-technology consumer goods which do not require a license in most situations;

(2) certain items subject to the EAR that are controlled for anti-terrorism reasons. These items are only subject to a license requirement for export, reexports or transfers (in-country) to entities designated on the BIS' Entity List, Denied Persons List or Unverified List (the "BIS Lists Entities") and Crimea region, Cuba, Iran, Luhansk People's Republic and Donetsk People's Republic regions, North Korea and Syria, as well as Russia and Belarus (collectively, the "AT Sanctioned Countries"), or restricted under the U.S. Chip Export Restrictions if intended for use in Mainland China, Hong Kong SAR, or Macau SAR for certain prohibited end-uses set forth in section 744.23 of the EAR; and

(3) certain items we procured one-off in 2021 that currently fall within an export license requirement to export, reexport, or transfer (in country) to China (including the Company) pursuant to the U.S. Chip Export Restrictions. In 2021 (prior to the issuance of the U.S. Chip Export Restrictions), these items were generally eligible for export, reexport or transfer (in-country) to China pursuant to License Exception ENC in section 740.17 of the EAR subject to reporting requirements on the supplier of the Group in accordance with section 740.17(e)(3) of the EAR. Therefore, the relevant export controls applicable to such items were not implicated by the Group procurement of these items in 2021. Other than the one-off procurement in 2021, we have not procured other items subject to the same export license requirement during the Track Record Period, and in particular, after the issuance of the U.S. Chip Export Restrictions. As such, we have no current business needs to procure such items, and our Directors are of the view that the export license requirement on such items have no adverse impact to our business operation.

Furthermore, during the Track Record Period, we have business activities with certain customers designated on the Entity List ("**Entity List Customers**"). During the Track Record Period, we have provided assembly services to our Entity List Customers. In order for us to perform the services, our Entity List Customers have provided us with components for assembly. Our services to our Entity List Customers were limited to assembly services with the components we have received from each of them, and we would not involve items other than what we have received from each of them as part of the service provision. In particular, we have not included any aforementioned items subject to the EAR we procured as part of our service provisions to our Entity List Customers. Relying upon our Group's methodology for screening all our customers, save for the aforementioned transactions with our Entity List Customers, we did not have other sales with BIS Lists Entities. As advised by our U.S. Export Control Legal Advisor, given that during the Track Record Period, (i) save for our transactions with the Entity List Customers that did not involve any items subject to the EAR nor otherwise require a license to do, we did not have sales with other BIS Lists Entities; (ii) we did not have sales to any entities headquartered in or ordinarily resided in, or owned or controlled by a government of any AT Sanctioned Countries; (iii) we have not engaged in transactions that involve or benefit any "military end-users" or "military end-use"; and (iv) our activities did not involve certain prohibited end-uses set forth in section 744.23 of the EAR, our activities did not involve operations or transactions that have violated or would violate the current restrictions on BIS Lists Entities and AT Sanctioned Countries and the U.S. Chip Export Restrictions set forth in the EAR.

Since 2018, the United States had through notices of action and/or modification of the United States Trade Representative imposed additional tariffs on certain products of China pursuant to section 301 of the Trade Act of 1974, as amended. During the Track Record Period, we have not exported any products into the United States, thus, the aforementioned U.S. tariffs have no material impact on our business operation.

We are exploring possible domestically-produced alternatives or other components not subject to the EAR to mitigate our supply chain risks exposure as to geopolitics and trade protections policies. We cannot be certain what additional export control actions the U.S. government may take that could impact our products and services, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our products and services. Additional actions could also take the form of additional designations on the Entity List, which could make our products and services subject to the EAR for certain transactions if involving those parties. Furthermore, other countries may continue to adopt export controls that could impact our products, services and business operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States (the "**OFAC**") or other relevant authorities in other jurisdictions, may materially and adversely affect our customers' and suppliers' ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

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

The automotive intelligence industry is an emerging industry in China and may be subject to governmental regulations from time to time.

The automotive intelligence industry in China is still in its nascent stages and is likely to face changes in the regulatory landscape as it evolves. As government authorities continue to understand and regulate this rapidly developing sector, new regulations and compliance requirements are expected to emerge. These evolving regulations could cover various aspects such as data security, safety standards, environmental impact, and consumer protection. Navigating this changing regulatory environment may require significant adjustments to our products and services to meet new standards, lead to increased compliance costs, or result in operational delays. Additionally, any failure to comply with these regulations could expose us to legal penalties and reputational damage, and hinder our ability to operate or expand within the Chinese market. The changes in regulations add a layer of complexity to our strategic planning and could materially affect our business operations, financial condition, and overall growth prospects.

Changes in the economic and legal conditions, as well as the interpretation and implementation of the relevant laws, rules and regulations in China may affect our business, results of operations, and financial condition.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by economic and legal developments within the PRC. We are subject to laws, rules and regulations from time to time, including those related to such aspects as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade. Any material changes of the economic regulatory, political and social conditions in China may have material and adverse effect on our results of operations, financial performance and business prospects. There can be no assurance that we will successfully adapt to the dynamic interpretation or implementation of existing laws, regulations or government policies, or new regulations that will come into effect.

We are subject to a dynamic legal and regulatory environment regarding cybersecurity, privacy, data protection and information security. Any failure or perceived failure to adhere to these laws and regulations or other concerns about our practices or policies with respect to the processing of data, could damage our reputation and materially and adversely affect our business, results of operations, and financial condition.

In recent years, government authorities across the world have been increasingly focusing on privacy and data protection. Particularly in China, the substantial base of our business operations, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding privacy and data protection in China and other areas and jurisdictions. In addition, as our customers expand their footprints globally, they may leverage our solutions in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solutions to help them comply with such laws and regulations.

We have adopted various measures to ensure legal compliance. For details, see "Business — Privacy and Data Security." However, the laws and regulations regarding privacy and data protection in China, as well as in other jurisdictions, are evolving, and we may not adapt to changes in such laws and regulations in a timely manner. As such, we cannot assure you that our privacy and data protection measures are, and will always be, considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential users from using our solutions and could subject us to significant legal, financial and operational consequences.

Fluctuations in exchange rates could result in foreign currency exchange losses or a decrease in our gross profit margin.

The value of RMB against other currencies may fluctuate, subject to changes resulting from relevant government policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

In 2022, 2023 and 2024, we had net foreign exchange losses of RMB0.6 million, RMB3.5 million and RMB12.0 million respectively. Our net foreign exchange gains and losses primarily represent gains and losses resulting from the fluctuation of the foreign exchange rate between the invoice date and the settlement date. During the Track Record Period, the fluctuation of our net foreign currency exchange fluctuations was primarily due to our exposure to changes in the foreign exchange rates of Renminbi to U.S. dollars in relation to our purchases of raw materials from suppliers outside mainland China. Along with the [**REDACTED**] from the [**REDACTED**] that will be received in Hong Kong dollars, any appreciation of the RMB against the Hong Kong dollar and the U.S. dollar may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past, we have acted in compliance with the requirements under the PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region (the "Hong Kong SAR") for 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 "Double Taxation Arrangements") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owners of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Double Taxation Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends.

Considering the foregoing, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Payment of dividends is subject to relevant PRC laws and regulations.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Our PRC Legal Advisor is of the view that after making up losses and appropriation of statutory reserves, we may distribute after-tax profits.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distribution from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those years in which our financial statements indicate that our operations have been profitable.

While this may also apply to other jurisdictions, there might be difficulties in effecting service of legal process, enforcing foreign judgments against us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions.

The capacity to enforce foreign judgments is inconsistent globally. We are a joint stock company incorporated in China. In addition, a majority of our Directors, Supervisors and senior management reside within mainland China, and substantially all of our and their assets are located within the PRC. Therefore, it may be difficult for investors to directly effect service of legal process upon us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions.

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares. The liquidity of our H Shares may be limited, and the price and [REDACTED] volume of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be traded following completion of the [**REDACTED**]. The market price of our H Shares may drop below the [**REDACTED**] and the [**REDACTED**] volume may decline at any time after completion of the [**REDACTED**].

The price and [REDACTED] volume of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who purchase our H Shares in the [REDACTED].

The price and [**REDACTED**] volume of our H Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, net profit and cash flows, demand for our products or services, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, or litigations, legal or regulatory proceedings involving our Group, could cause substantial and sudden changes in the volume and price at which our H Shares will trade and affect the liquidity of our H Shares. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our H Shares and the value of our H Shares may decline.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends and increase our risks in adverse economic conditions. Further, it will adversely affect our cash flows and limit our flexibility in business development and strategic plans.

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

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. For details of our intended [**REDACTED**] from the [**REDACTED**], see "Future Plans and [**REDACTED**]." However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net [**REDACTED**] from this [**REDACTED**].

We have been, and will continue to be, substantially influenced by our Controlling Shareholders, whose interests may differ from those of other Shareholders.

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and its delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

Any possible conversion of Domestic Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the market price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted shares, the requisite internal approval processes and CSRS filing (but without the necessity of Shareholders' approval) have been duly completed. In addition, such conversion, [**REDACTED**] and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [**REDACTED**]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

If equity research analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price for our H Shares and [REDACTED] volume may decline.

The [**REDACTED**] market for our H Shares will be influenced by research or reports that equity research analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or [**REDACTED**] volume of our H Shares to decline.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future and may result in dilution of your shareholding.

Prior to the [**REDACTED**], there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market price of our H Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

There can be no assurance that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. See "Financial Information — Dividend."

Certain facts, forecasts and statistics in this document relating to the PRC economy, the automotive intelligence and related industries may not be fully reliable.

Facts, forecasts and statistics in this document relating to the PRC economy and the automotive intelligence industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by the CIC that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the [**REDACTED**] nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this document may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. 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.

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

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

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

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong when making your [**REDACTED**] decision regarding our H Shares. Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information. By applying to [**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.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's 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.

The Company's headquarters, management, business operations and assets are primarily located in the PRC. The Company's executive Directors are based in the PRC as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where the Company's significant operations are located. The executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed [**REDACTED**]. The Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for the Company, and it may not be in the best interests of the Company and the Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted the Company, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that the Company implements the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, the Company has appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), namely Mr. Ying and Mr. Lee Chung Shing. The Authorized Representatives are authorized to communicate on the Company's behalf with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. The Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(b) the Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;

(c) the Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and

(d) the Company has appointed Guotai Junan Capital Limited as its **Compliance Adviser**, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication between the Stock Exchange and the Company for the 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 commencing after the [**REDACTED**]. The Compliance Adviser will maintain constant contact with the Authorized Representatives, Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules.

JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that 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)).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's: (a) length of employment with the issuer and other issuers and the roles he played; (b) familiarity with the Listing Rules and other relevant law 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.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the applicant has principal business activities primarily outside Hong Kong; (b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

Further, pursuant to Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The Group's principal business operations are in the PRC. The Company considers that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to the Company's operations; (ii) nexus to the Board; and (iii) close working relationship with the management of the Company, in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of the Company to appoint a person who is familiar with the Company's business and affairs as a company secretary.

The Company has appointed Dr. Liu Yicheng (劉意成) ("**Dr. Liu**"), who is the secretary of the Company, as one of its joint company secretaries. The Company believes that Dr. Liu has extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of the Group accumulated since his joining the Group in September 2024. However, Dr. Liu currently 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, the Company has appointed Mr. Lee Chung Shing (李忠成) ("**Mr. Lee**"), an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Dr. Liu for an initial period of three years from the [**REDACTED**] Date to enable Dr. Liu 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. For details on Dr. Liu's and Mr. Lee's qualifications and experience, see "Directors, Supervisors and Senior Management".

Given Mr. Lee's professional qualification and experience, he will be able to explain to both Dr. Liu and the Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Lee will also assist Dr. Liu in organizing Board meetings and Shareholders' meetings of the Company as well as other matters of the Company which are incidental to the duties of a company secretary. Mr. Lee is expected to work closely with Dr. Liu and will maintain regular contact with Dr. Liu, the Directors and the senior management of the Company. In addition, Dr. Liu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**] Date. Dr. Liu will also be assisted by the Company's compliance adviser and its legal advisers as to the Hong Kong laws on matters in relation to the Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Dr. Liu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange [has] granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Dr. Liu may be appointed as a joint company secretary of the Company. The waiver is valid for an initial period of three years from the [**REDACTED**] Date on the conditions that (a) Dr. Liu must be assisted by Mr. Lee who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if there are material breaches of the Listing Rules by the Company.

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Ying	Room 702, No. 18, Lane 619 Huangjincheng Avenue Changning District Shanghai, PRC	Chinese
Zhang Fukai (張富凱)	Room 101, No. 2, Lane 1876 Qishan Road, Pudong New Area Shanghai, PRC	Chinese
Xu Zhenhui (徐真慧)	Room 101, No. 54, Zizhuyuan Lane 948, Pubei Road, Xuhui District Shanghai, PRC	Chinese
Lai Weilin (賴偉林)	Room 304, No. 21, Lane 121 Donglan Road, Xuhui District Shanghai, PRC	Chinese
Gao Yinghui (高穎輝)	Room 601, No. 106, Lane 155 Liming Road, Minhang District Shanghai, PRC	Chinese
Non-executive Directors		
Wang Bihui (王碧輝)	Room 251, Building 1-2 Lincheng First Village Nanming Street, Xinchang County Zhejiang Province, PRC	Chinese
Wang Yue (王越)	No. 203, Shanghai Road Gulou District, Nanjing Jiangsu Province, PRC	Chinese
Ma Xiaoyong (馬曉詠)	Room 101, No. 65, Jufuyuan Gulou District, Nanjing Jiangsu Province, PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Li Yuanpeng (李遠鵬)	No. 220, Handan Road Yangpu District Shanghai, PRC	Chinese
Wang Yanfeng (王延峰)	Room 701, No. 85, Lane 2077 Guangfuxi Road, Putuo District Shanghai, PRC	Chinese
Pang Chunlin (龐春霖)	No. 9D, Block 3, Building 32 Yangguang Zonglvyuan Qianhai Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Zhang Xiaoliang (張曉亮)	No. 2, Unit 1, Building 21 New Century Community Haigang District, Qinhuangdao Hebei Province, PRC	Chinese
Liu Gongshen (劉功申)	No. 1954, Huashan Road Xuhui District Shanghai, PRC	Chinese
Xu Lili (徐黎黎)	Flat E, 29/F, Island Lodge 180 Java Road, North Point Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Liang Chen (梁晨)	No. 130, Meilong Road Xuhui District Shanghai, PRC	Chinese
Xu Tingting (徐婷婷)	Room 407, No. 112 Tianshan Second Village Changning District Shanghai, PRC	Chinese
Wu Yunyun (吳蕓蕓)	No. 1127, Caimao Village Bao Town, Chongming County Shanghai, PRC	Chinese
Shi Wan (施萬)	No. 18, Checheng North Road Hanyang District, Wuhan Hubei Province, PRC	Chinese
Li Zijie (李自潔)	No. 11, Lane 262, Shimen first Road Jingan District Shanghai, PRC	Chinese

For more information on our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

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
	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong

[REDACTED]

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[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and United States law:
Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

As to U.S. export control law:
Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

Legal Advisors to the Joint Sponsors and the [REDACTED]

As to Hong Kong and United States law:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12-15/F, China World Office 2
No. 1 Jianguomenwai Ave
Beijing
PRC

Reporting Accountants and Independent Auditor

Certified Public Accountants
Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited
10F, Block B, Jing'an International Center
88 Puji Road
Jing'an District
Shanghai
PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 3701, 866 East Changzhi Road Hongkou District Shanghai, PRC
Headquarters and Principal Place of Business in the PRC	Room 3701, 866 East Changzhi Road Hongkou District Shanghai, PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
Company's Website	**www.pateo.com.cn** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Dr. Liu Yicheng** (劉意成) 37/F, AIA Central 866 Dong Changzhi Road Hongkou District Shanghai, PRC **Mr. Lee Chung Shing** *(Associate of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants)* 46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
Authorized Representatives	**Mr. Ying** Room 702, No. 18, Lane 619 Huangjincheng Avenue Changning District Shanghai, PRC **Mr. Lee Chung Shing** 46/F, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong
Audit Committee	Dr. Li Yuanpeng (李遠鵬) *(Chairman)* Mr. Zhang Xiaoliang (張曉亮) Ms. Xu Lili (徐黎黎)

Nomination Committee	Mr. Pang Chunlin (龐春霖) *(Chairman)* Mr. Zhang Xiaoliang (張曉亮) Ms. Xu Zhenhui (徐真慧)
Remuneration Committee	Dr. Wang Yanfeng (王延峰) *(Chairman)* Dr. Li Yuanpeng (李遠鵬) Mr. Ying
Compliance Adviser	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

[**REDACTED**]

Principal Bank	**Bank of Shanghai Co., Ltd. Jiading Sub-branch** No. 388, Tacheng Road Jiading District, Shanghai PRC

OVERVIEW

The Group's history can be traced back to the establishment of the predecessor of the Company, Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司) ("**Botai Yuezhen Electronic Equipment Manufacturing**") in October 2009. On December 2, 2021, the Company was converted into a joint stock limited liability company with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). As of the Latest Practicable Date, the registered capital of the Company was RMB139,554,349, divided into 139,554,349 Shares, with a nominal value of RMB1.00 each.

Recognizing the emerging opportunities presented by the rapid development of 3G networks and internet technologies, Mr. Ying, our founder, established the Group in 2009, during the early stages of the automotive intelligence industry. Since then, the Group has continuously adapted its business focus in response to industry advancement. Initially, the Company concentrated on developing vehicle connectivity systems and unveiled China's first 3G vehicle connectivity system in 2010, becoming one of the first entrants in China's intelligent vehicle connectivity market. As the market evolved, the Group expanded its offerings to include smart cockpit solutions, integrating software, hardware and cloud-based vehicle connectivity. Through strategic initiatives such as collaborating with key partners, diversifying its customer base, and expanding into international markets, the Group has steadily strengthened its position as a leading independent domestic provider in China's automotive intelligence industry, with a comprehensive business model and a scalable operation that addresses diverse customer needs.

For the biography of Mr. Ying, see "Directors, Supervisors and Senior Management."

MILESTONES

The following sets out a summary of our key development milestones:

Year	Milestone(s)
2009	The predecessor of the Company, Botai Yuezhen Electronic Equipment Manufacturing was established in the PRC in October
2010	Unveiled China's first 3G vehicle connectivity system, according to CIC
2013	Introduced the first ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC
2016	Launched our QingCloud 1.0 advanced cloud service platform, supporting a comprehensive range of vehicle connectivity platform services

Year	Milestone(s)
2018	Jointly developed the first Dongfeng Aeolus WindLink 3.0 intelligent vehicle connectivity system
2020	Included in Headquarters of Private Companies (民營企業總部) by Shanghai Municipal Commission of Commerce (上海市商務委員會), Shanghai Municipal Development and Reform Commission (上海市發展和改革委員會), Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會) and Shanghai Federation of Industry and Commerce (上海市工商業聯合會)
2022	Two of our proprietary technological innovations related to smart cockpit solutions and intelligent vehicle connectivity solutions were acknowledged as internationally leading technologies by the National New Energy Vehicle Technology Innovation Center of China (國家新能源汽車技術創新中心)
	Included in Forbes China's Unicorn List
2023	Recognized as a National Enterprise Technology Center (國家企業技術中心) by National Development and Reform Commission (國家發展和改革委員會), Ministry of Finance of the PRC (中華人民共和國財政部), General Administration of Customs of the PRC (中華人民共和國海關總署) and State Taxation Administration (國家税務總局)
	Named as a National Intellectual Property Leading Enterprise (國家知識產權優勢企業) by China National Intellectual Property Administration (國家知識產權局)
	Included in Shanghai Headquarters of Innovative Companies (上海市創新型企業總部) by Shanghai Municipal Leading Group Office for Strategic New Industries (上海市戰略性新興產業領導小組辦公室)
	Found a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips with the National New Energy Vehicle Technology Innovation Center of China
	Became one of the first companies to offer smart cockpit solutions powered by Qualcomm's fourth generation Snapdragon 8295 chipset in China, which, according to CIC, are among the latest-generation automotive-grade chips for smart cockpit solutions with the highest computing power

OUR MAJOR SUBSIDIARIES

The following table sets out certain information of our major subsidiaries which made material contribution to our results of operation and financial position during the Track Record Period:

Subsidiaries	Date and place of establishment	Registered capital/capital contribution committed	Approximate equity interest attributable to the Group	Principal business activities
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司) ("**Shanghai PATEO Yuezhen**")	October 26, 2006; PRC	RMB34,000,000	100%	R&D of intelligent vehicle connectivity
Shanghai Qinggan Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司) ("**Shanghai Qinggan Intelligent**")	May 29, 2013; PRC	RMB5,000,000	100%	R&D of electronic technology and communication engineering
Shenyang Jingyi Zhijia Technology Co., Ltd. (瀋陽精一智駕科技有限公司) . .	January 3, 2017; PRC	RMB1,000,000	100%	Electronic product technology development
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司) ("**PATEO CONNECT Nanjing**") . .	November 5, 2019; PRC	RMB200,000,000	100%	R&D of intelligent vehicle connectivity, and software systems, AI, IoT, and software development
PATEO CONNECT (Xiamen) Co., Ltd. (博泰車聯網(廈門)有限公司)	November 18, 2019; PRC	RMB200,000,000	100%	Manufacture of parts and accessories of vehicles
Liuzhou PATEO CONNECT Co., Ltd. (柳州博泰車聯網有限公司)	September 8, 2020; PRC	RMB100,000,000	100%	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Dalian) Co., Ltd. (博泰車聯網(大連)有限公司)	November 12, 2020; PRC	RMB500,000	100%	R&D of intelligent vehicle connectivity and specializing in smart cockpit software systems and cloud-based development
PATEO CONNECT (Wuhan) Co., Ltd. (博泰車聯網(武漢)有限公司)	January 22, 2021; PRC	RMB50,000,000	100%	Information system integration services and concentrating on cloud platform development.
PATEO CONNECT (Ruian) Co., Ltd. (博泰車聯網(瑞安)有限公司)	November 28, 2022; PRC	RMB100,000,000	100%	Manufacture of parts and accessories of vehicles

ESTABLISHMENT AND CORPORATE DEVELOPMENT

Establishment and Shareholding Changes in the Company Prior to Series A Financing

On October 20, 2009, Botai Yuezhen Electronic Equipment Manufacturing, the predecessor of the Company, was established under the laws of the PRC with a registered capital of RMB10,000,000 by Mr. Ying and Zhong Zhifeng (鍾志峰), an independent third party, holding 99.00% and 1.00% of the Company's then registered capital, respectively. Zhong Zhifeng later exited the Company in May 2014 by transferring all his equity interest in the Company to Mr. Ying at a consideration of RMB100,000, the same amount as the registered capital of the Company transferred.

On April 16, 2010, the registered capital of the Company was increased from RMB10,000,000 to RMB13,330,000 and Liu Jianhui (劉劍輝), an independent third party, contributed the increased capital of RMB3,330,000, reflecting the amount of registered capital of the Company being increased. Liu Jianhui later exited the Company in January 2015 by transferring all his equity interest in the Company to Mr. Ying at a consideration of RMB3,330,000, the same amount as the registered capital of the Company transferred.

On July 29, 2013, Mr. Ying transferred approximately 15% of the equity interest in the Company to Shanghai Yangzi Investment Management Co., Ltd. (上海揚梓投資管理有限公司) ("**Shanghai Yangzi**"), an investment vehicle of Mr. Ying, at a consideration of RMB2,000,000, reflecting the amount of registered capital of the Company being transferred. Shanghai Yangzi later exited the Company in January 2015 by transferring 10.00% and 5.00% of the equity interest in the Company held by him to Mr. Ying and Li Zhenwei (李楨瑋) (mother of Mr. Ying), respectively, at an aggregated consideration of RMB2,000,000, reflecting the amount of registered capital of the Company being transferred.

On March 10, 2016, the registered capital of the Company was increased from RMB13,330,000 to RMB58,330,000 and Mr. Ying, Li Zhenwei, Shanghai Longmao Investment Management Partnership (Limited Partnership) (上海瓏茂投資管理合夥企業(有限合夥)) ("**Shanghai Longmao**"), Shanghai Xiazhi Enterprise Management Partnership (Limited Partnership) (上海夏置企業管理合夥企業(有限合夥)) ("**Shanghai Xiazhi**"), Shanghai Rujia and Shanghai Jinlin contributed the increased capital of RMB32,833,500, RMB500,100, RMB4,666,400, RMB3,000,000, RMB2,000,000 and RMB2,000,000, respectively. Shanghai Longmao, a partnership established in the PRC, later exited the Company by transferring all its equity interest in the Company to certain Pre-[**REDACTED**] Investors. For details, see "— Series A+ Financing" and "— Series B Financing — Equity transfers in Series B Financing."

Series A Financing

Under the capital contribution agreements dated November 13, 2015 and April 20, 2016, the registered capital of the Company was increased from RMB58,330,000 to RMB65,683,830, and Chongqing Gaoxin Venture Capital Liangjiang Brand Automobile Industry Investment Center (Limited Partnership) (重慶高新創投兩江品牌汽車產業投資中心(有限合夥)) ("**Chongqing Gaoxin**"), an independent third party, agreed to subscribe the increased registered capital of RMB7,353,830 of the Company at a consideration of RMB120,000,000 (the "**Series A Financing**").

Under an equity transfer agreement entered into between Chongqing Gaoxin and Shanghai Xiazhi on June 18, 2017, Chongqing Gaoxin transferred all equity interest held by it in the Company to Shanghai Xiazhi at a consideration of RMB180,000,000 (the "**Equity Transfer in June 2017**") and ceased to be a Shareholder. The consideration of the Equity Transfer in June 2017 was determined based on previous capital contribution made by Chongqing Gaoxin and taking into account the timing of the transfer and the Company's development stage. At the time of the Equity Transfer in June 2017, both Chongqing Gaoxin and Shanghai Xiazhi were managed by their general partner Chongqing Hongma Xiazhi Information Technology Consulting Service Co., Ltd. (重慶紅馬夏置信息技術諮詢服務有限公司) ("**Chongqing Hongma**") and the Equity Transfer in June 2017 was for their internal restructuring purpose.

Series A+ Financing

Under the capital contribution agreement dated June 7, 2017 entered into among our Company, our then Shareholders and Suning Rundong Equity Investment Management Co., Ltd. (蘇寧潤東股權投資管理有限公司) ("**Suning Rundong**"), the registered capital of the Company was increased from RMB65,683,830 to RMB71,485,185 and Suning Rundong agreed to subscribe the increased registered capital of RMB5,801,355 of the Company at a consideration of RMB142,000,000 (the "**Series A+ Financing**"). Suning Rundong designated its indirectly-controlled entity Jiangsu Jiequan Suning Rundong New Consumer Service Industry M&A Fund (Limited Partnership) (江蘇疌泉蘇寧潤東新消費服務產業併購基金(有限合夥)) ("**Jiequan Rundong**") to hold such increased registered capital.

Under the equity transfer agreement dated June 7, 2017 entered into between Shanghai Longmao and Suning Rundong, Shanghai Longmao transferred the registered capital of the Company of RMB4,267,848 to Jiequan Rundong at a consideration of RMB78,000,000 ("**Equity Transfer in Series A+ Financing**"). The consideration of the Equity Transfer in Series A+ Financing was determined based on arm's length negotiations among the parties taking into account previous capital contribution made by Shanghai Longmao, the timing of the transfer and the Company's development stage.

Series B Financing

The Company underwent series B financing through capital increases and equity transfers (the "**Series B Financing**").

Equity transfers in Series B Financing

Under the equity transfer agreements entered into among the Series B Financing investors and our then Shareholders set forth below, the following Series B Financing investors agreed to acquire registered capital of the Company from the then Shareholders:

Equity transfers	Date of the equity transfer agreements	Transferees	Transferors	Registered capital acquired	Consideration	Basis of consideration
				(RMB)	*(RMB)*	
Equity Transfers in 2019 ("**Equity Transfers in 2019**") .	November 8, 2019	Ningbo Yinxing Investment Management Partnership (Limited Partnership) (寧波垠星投資管理合夥企業(有限合夥)) ("**Ningbo Yinxing**")	Shanghai Longmao	398,552	16,725,937	Determined based on arm's length negotiations among the relevant parties taking into account the timing of the transfers and the Company's development stage.
			Shanghai Xiazhi	113,758	4,774,063	
Equity Transfer in March 2020 ("**Equity Transfer in March 2020**") . .	March 26, 2020	Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)) ("**Tianjin Jinmi**")	Shanghai Xiazhi	4,135,929	200,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the timing of the transfer and the Company's development stage.

Subscription of increased registered capital in Series B Financing

Under the capital contribution agreements entered into among the Series B Financing investors set forth below, our Company and our then Shareholders, the following Series B Financing investors agreed to subscribe the increased registered capital of the Company:

Subscriptions	Date of the capital contribution agreements	Subscribers	Registered capital subscribed for	Consideration
			(RMB)	*(RMB)*
Subscriptions in 2018 and 2019 ("**Subscriptions in 2018 and 2019**")	August 27, 2018[1]	Xinyu Yifeng No. 4 Investment Partnership (Limited Partnership) (新余一豐肆號投資合夥企業(有限合夥)) ("**Xinyu Yifeng**")	446,782	25,000,000
	September 13, 2018	Xinyu Yifeng	446,782	25,000,000
	November 15, 2019[1]	Hangzhou Nansheng Jiarong Investment Management Partnership (Limited Partnership) (杭州楠盛嘉融投資管理合夥企業(有限合夥)) ("**Hangzhou Nansheng**")	89,356	5,000,000
Subscriptions in 2020 ("**Subscriptions in 2020**")	March 13, 2020	Dongfeng Motor Group Co., Ltd. (東風汽車集團股份有限公司) ("**Dongfeng Group**")	3,622,560	200,000,000
	March 27, 2020	Tianjin Jinmi	3,622,560	200,000,000

(1) Under the capital contribution agreement dated August 27, 2018 entered into among Xinyu Yifeng, our Company and our then Shareholders, Xinyu Yifeng subscribed for RMB89,356 additional registered capital of the Company at a consideration of RMB5,000,000 ("**Additional Subscription**"). The Additional Subscription was later transferred from Xinyu Yifeng to Hangzhou Nansheng prior to its settlement pursuant to a supplemental agreement dated November 15, 2019.

Equity Transfers in July 2020

Under equity transfer agreements dated July 31, 2020 entered into among certain Pre-[**REDACTED**] Investors and our then Shareholders set forth below, the following Pre-[**REDACTED**] Investors agreed to acquire registered capital of the Company from the then Shareholders (the "**Equity Transfers in July 2020**"):

Equity transfers	Transferees	Transferors	Registered capital acquired	Consideration	Basis of consideration
			(RMB)	*(RMB)*	
Equity Transfers in July 2020 I (the "**Equity Transfers in July 2020 I**") . .	Hubei Hongtai Hailian Equity Investment Partnership Enterprise (Limited Partnership) (湖北宏泰海聯股權投資合夥企業(有限合夥)) ("**Hubei Hongtai**")	Shanghai Xiazhi	1,033,982	50,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the timing of the transfers and the Company's development stage.
	Hangzhou Fuyang Jiuxi Equity Investment Partnership (Limited Partnership) (杭州富陽久羲股權投資合夥企業(有限合夥)) ("**Hangzhou Fuyang**")	Mr. Ying	532,943	25,771,395	
		Shanghai Xiazhi	87,446	4,228,605	

Equity transfers	Transferees	Transferors	Registered capital acquired	Consideration	Basis of consideration
			(RMB)	*(RMB)*	
Equity Transfers in July 2020 II (the "**Equity Transfers in July 2020 II**") .	Zhuhai Shengguang Yisong No. 1 Culture Media Partnership (Limited Partnership) (珠海市省廣益松壹號文化傳媒合夥企業(有限合夥)) ("**Zhuhai Shengguang**")	Shanghai Xiazhi	1,771,901	97,825,896	Determined based on arm's length negotiations among the relevant parties taking into account the timing of the transfers and the Company's development stage.
	Wu Lingdong (吳淩東)		750,000	41,407,181	
Equity Transfer in July 2020 III (the "**Equity Transfer in July 2020 III**")	Zhuhai Shengguang	Mr. Ying	2,485,076	49% equity interest in Shanghai Kaida Advertising Co., Ltd. (上海愷達廣告有限公司) ("**Shanghai Kaida**") held by Zhuhai Shengguang	The terms of the equity swap was determined based on arm's length negotiation between Mr. Ying and Zhuhai Shengguang, with reference to the valuation of Shanghai Kaida at the time based on a valuation report prepared by an independent valuer.

Equity Transfer in August 2020

Under an equity transfer agreement entered into between Li Zhenwei (mother of Mr. Ying) and Mr. Ying on August 28, 2020, Li Zhenwei transferred approximately 1.46% of the equity interest in the Company to Mr. Ying, at nominal value, and ceased to be a Shareholder.

Series B+ Financing

Under the capital contribution agreements and supplemental agreements entered into among the series B+ financing investors set forth below, our Company and our then Shareholders, the following Series B+ financing investors agreed to subscribe increased registered capital of the Company (the "**Series B+ Financing**"):

Date of the capital contribution agreements	Subscribers	Registered capital subscribed for	Consideration
		(RMB)	*(RMB)*
December 15, 2020	Wuhan Karuitong New Energy Automobile Industry Investment Partnership (Limited Partnership) (武漢卡睿通新能源汽車產業投資合夥企業(有限合夥)) ("**Wuhan Karuitong**")	362,256	20,000,000
	Nanjing Intelligent Headquarters Venture Capital Center (Limited Partnership) (南京智能總部創業投資中心(有限合夥)) ("**Nanjing Intelligent Headquarters Fund**")	1,811,280	100,000,000
December 20, 2020	Ningbo Yaxin Huachuang Investment Partnership (Limited Partnership) (寧波亞信華創投資合夥企業(有限合夥)) ("**Ningbo Yaxin**")	2,562,961	141,500,000
December 30, 2020	Qingdao Jianhua Star Private Equity Investment Fund Partnership (Limited Partnership) (青島建華星空私募股權投資基金合夥企業(有限合夥)) (formerly known as Qingdao Jianxin Star Enterprise Management Center (Limited Partnership) (青島建信星空企業管理中心(有限合夥)) ("**Qingdao Jianhua**")	1,086,768	60,000,000
	Qingdao Qiandao Ronghui Investment Management Center (Limited Partnership) (青島乾道榮輝投資管理中心(有限合夥)) ("**Qiandao Ronghui**")	1,086,768	60,000,000
	Jin Jun (金駿)	452,820	25,000,000

Date of the capital contribution agreements	Subscribers	Registered capital subscribed for	Consideration
		(RMB)	*(RMB)*
	Shanghai Fuding Phase II Equity Investment Fund Partnership (Limited Partnership) (上海複鼎二期股權投資基金合夥企業(有限合夥)) ("**Shanghai Fuding Phase II**")	1,449,024	80,000,000
January 8, 2021	Jiaxing Jingkai Bojing Equity Investment Partnership (Limited Partnership) (嘉興晶凱博璟股權投資合夥企業(有限合夥)) ("**Jiaxing Jingkai**")	727,953	40,190,000
April 19, 2021 .	Huaibei Jianyuan Lujin Carbon Valley Venture Capital Fund Partnership (Limited Partnership) (淮北建元綠金碳谷創業投資基金合夥企業(有限合夥)) ("**Jianyuan Lujin**")	1,811,280	100,000,000
	Yiqi Equity Investment (Tianjin) Co., Ltd. (一汽股權投資(天津)有限公司) ("**Yiqi Investment**")	3,260,304	180,000,000
	Jilin Jisheng Automobile Industry Investment Partnership (Limited Partnership) (吉林省吉晟汽車產業投資合夥企業(有限合夥)) ("**Jisheng Investment**")	543,384	30,000,000

Conversion into a Joint Stock Company

On December 2, 2021, the Company was converted into a joint stock company with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). Upon the completion of the conversion, the registered capital of the Company became RMB94,868,024 divided into 94,868,024 Shares with a nominal value of RMB1.00 each.

Series C Financing

Under the capital contribution agreement dated February 16, 2022 entered into among the Company, Shengying (Xiamen) Venture Capital Partnership (Limited Partnership) (盛盈(廈門)創業投資合夥企業(有限合夥)) ("**Shengying VC**") and our then Shareholders, the registered capital of the Company was increased from RMB94,868,024 to RMB100,114,577, and Shengying VC agreed to subscribe 5,246,553 newly issued Shares at a consideration of RMB298,640,000 (the "**Series C Financing**").

Series C+ Financing

Under the capital contribution agreements entered into among the series C+ financing investors set forth below, our Company and our then Shareholders, the following series C+ financing investors agreed to subscribe newly issued Shares (the "**Series C+ Financing**"):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
May 16, 2022 . .	Guangzhou Ping An Consumer Equity Investment Partnership (Limited Partnership) (廣州市平安消費股權投資合夥企業(有限合夥)) ("**Guangzhou Ping An**")	5,840,017	350,000,000
June 2, 2022 . . .	Gongqingcheng Shanyuan Innovation Investment Center (Limited Partnership) (共青城善源創新投資中心(有限合夥)) ("**Gongqingcheng Shanyuan**")	5,840,017	350,000,000

Series C++ Financing

Under the capital contribution agreements entered into among the series C++ financing investors set forth below, our Company and our then Shareholders, the following series C++ financing investors agreed to subscribe newly issued Shares (the "**Series C++ Financing**"):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
November 15, 2022	Ruian Fuhai Equity Investment Fund Partnership (Limited Partnership) (瑞安市富海股權投資基金合夥企業(有限合夥)) ("**Ruian Fuhai**")	5,005,729	300,000,000
November 11, 2022	Jiangxi Wenxin No. 2 Cultural Industry Development Investment Fund (Limited Partnership) (江西省文信二號文化產業發展投資基金(有限合夥)) ("**Jiangxi Wenxin No. 2**")	834,289	50,000,000
October 13, 2022	Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)) ("**Suzhou Xinjing**")	333,715	20,000,000

Equity Transfer in 2023

Under an equity transfer agreement entered into between Qingdao Jianhua and Jiaxing Chenyue Equity Investment Partnership (Limited Partnership) (嘉興宸玥股權投資合夥企業(有限合夥)) ("**Jiaxing Chenyue**") on January 18, 2023, Qingdao Jianhua transferred approximately 0.92% of the equity interest in the Company to Jiaxing Chenyue at a consideration of RMB60,000,000 (the "**Equity Transfer in 2023**") and ceased to be a Shareholder. The consideration of the Equity Transfer in 2023 was determined based on previous capital contribution made by Qingdao Jianhua. At the time of the Equity Transfer in 2023, Jiaxing Chenyue was managed by its general partner, CCB (Beijing) Investment Fund Management Co., Ltd. (建信(北京)投資基金管理有限責任公司) ("**CCB Investment**"), and Qingdao Jianhua was managed by its general partner, a company also owned as to approximately 19.90% by CCB Investment. The Equity Transfer in 2023 was for their internal restructuring purpose.

Series D Financing

Under the capital contribution agreements entered into among the series D financing investors set forth below, our Company and our then Shareholders, the following series D financing investors agreed to subscribe newly issued Shares (the "**Series D Financing**"):

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
February 25, 2024	Xinchang Hi-Tech Venture Capital Co., Ltd. (新昌高投創業投資有限公司) ("**Xinchang VC**")	7,864,556	500,000,000
March 12, 2024	Anhui Tieji Botai Equity Investment Partnership (Limited Partnership) (安徽省鐵基博泰股權投資合夥企業(有限合夥)) ("**Anhui Tieji**")	3,806,445	242,000,000
January 22, 2024	Changchun Equity Investment Fund Management Co., Ltd. (長春市股權投資基金管理有限公司) ("**Changchun PE**")(1)	471,873	30,000,000
June 14, 2024	Sichuan Manufacturing Collaborative Development Fund Partnership (Limited Partnership) (四川製造業協同發展基金合夥企業(有限合夥)) ("**Sichuan Manufacturing Fund**")	4,404,152	280,000,000
	Sichuan Regional Cooperative Development Investment Guiding Fund Partnership Enterprise (Limited Partnership) (四川區域協同發展投資引導基金合夥企業(有限合夥)) ("**Sichuan Regional Cooperative Fund**")	314,582	20,000,000
	Sichuan Fund Employees	5,663	360,000

Date of the capital contribution agreements	Subscribers	Number of Shares subscribed for	Consideration
			(RMB)
August 29, 2024 . .	Wuxi Huicuihengyi Jinwutong Phase II Venture Capital Partnership (Limited Partnership) (無錫惠萃恒益金梧桐貳期創業投資合夥企業(有限合夥)) ("**Wuxi Huicuihengyi**")	4,718,734	300,000,000

(1) Under the equity transfer agreement dated June 7, 2024 entered into between Changchun PE and Changchun Changxing Equity Investment Fund Partnership (Limited Partnership) (長春長興股權投資基金合夥企業(有限合夥)) ("**Changchun Changxing**"), Changchun PE transferred all its equity interest in the Company to Changchun Changxing at a consideration of RMB30,000,000 (the "**Equity Transfer in June 2024**"). The consideration of the Equity Transfer in June 2024 was determined based on previous capital contribution made by Changchun PE. At the time of the Equity Transfer in June 2024, Changchun Changxing was managed and controlled by Changchun PE and the Equity Transfer in June 2024 was for their internal restructuring purpose.

Equity Transfers in July 2024

Under an equity transfer agreement entered into between Wuhan Karuitong and Gongqingcheng Zhongkezhucheng Venture Capital Partnership (Limited Partnership) (共青城中科築誠創業投資合夥企業(有限合夥)) ("**Gongqingcheng Zhongkezhucheng**") on July 16, 2024, Wuhan Karuitong transferred approximately 0.10% of the equity interest in the Company to Gongqingcheng Zhongkezhucheng at a consideration of RMB8,000,000 (the "**Gongqingcheng Zhongkezhucheng Equity Transfer**"). The consideration of the Gongqingcheng Zhongkezhucheng Equity Transfer was determined based on previous capital contribution made by Wuhan Karuitong and was paid on July 25, 2024.

Under an equity transfer agreement entered into between Gongqingcheng Shanyuan and Shanghai Juteng Technology Co., Ltd. (上海駒騰技術有限公司) ("**Shanghai Juteng**") on July 25, 2024, Gongqingcheng Shanyuan transferred approximately 0.29% of the equity interest in the Company to Shanghai Juteng at a consideration of RMB30,000,000 (the "**Shanghai Juteng Equity Transfer**"). The consideration of the Shanghai Juteng Equity Transfer was determined based on arm's length negotiations among the relevant parties taking into account the timing of the transfers and the Company's development stage and was paid on July 25, 2024.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we established following employee incentive platforms, with Mr. Ying being their respective general partner:

		As at the Latest Practicable Date		
Employee Incentive Platforms	**Date of establishment**	**Shareholding in the Company(1)**	**Limited partners**	**Limited partners holding more than 10% partnership interests**
Shanghai Rujia . . .	March 10, 2016	3.08%	Zhang Fukai (our Director), Xu Tingting (our Supervisor), Zhang Yi (our senior management) and 40 current or former employees of our Group	Zhang Fukai (12.33%)
Shanghai Jinlin . . .	March 10, 2016	2.69%	Lai Weilin (our Director), Xu Zhenhui (our Director), Liang Chen (our Supervisor) and 42 current or former employees of our Group	N/A
Shanghai Chushui .	December 5, 2018	1.58%	Xu Zhenhui (our Director), Zhang Fukai (our Director) and 39 current or former employees of our Group	Xu Zhenhui (14.55%)
Shanghai Miaolong.	April 24, 2020	1.07%	25 current or former employees of our Group	Liwei (李煒) (13.33%) and Ye Peifang (葉佩芳) (13.33%)
Shanghai Fengwulin.	April 3, 2019	0.86%	Zhang Fukai (our Director) and 37 current or former employees of our Group	Zhang Fukai (20.83%)
Shanghai Yingzhi. .	April 3, 2019	0.86%	Zhang Yi (our senior management) and 30 current or former employees of our Group	Li Hexing (李賀興) (16.67%)
Shanghai Yehe . . .	April 24, 2020	0.86%	24 current or former employees of our Group	Zhu Qing (55.00%)

(1) On March 10, 2016, Shanghai Rujia and Shanghai Jinlin contributed the increased registered capital of the Company of RMB2,000,000 and RMB2,000,000, respectively, at nominal value. For details, see "Establishment and Corporate Development — Establishment and Shareholding Changes in the Company Prior to Series A Financing" in this section.

Pursuant to the equity transfer agreement entered into between Mr. Ying and Shanghai Chushui on December 6, 2018, Mr. Ying transferred the registered capital of the Company in an amount of RMB2,000,000, at nominal value, to Shanghai Chushui.

Pursuant to the equity transfer agreements dated August 28, 2020, Mr. Ying transferred, at nominal value, approximately 2.89%, 2.20%, 0.26%, 1.51%, 1.88%, 1.51% and 1.51% of the equity interest in the Company to Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Yehe, Shanghai Miaolong, Shanghai Fengwulin and Shanghai Yingzhi, respectively.

CAPITALIZATION OF THE COMPANY

The following table is a summary of the capitalization of the Company:

	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and conversion of the Domestic Shares into H Shares (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of H Shares	Shareholding in the H Shares	Number of Total Shares	Shareholding in the Total Issued Share Capital
Mr. Ying	32,295,581	23.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Rujia	4,300,000	3.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Jinlin	3,750,000	2.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Chushui	2,200,000	1.58%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Miaolong	1,500,000	1.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Fengwulin	1,200,000	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yingzhi	1,200,000	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yehe	1,200,000	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	***47,645,581***	***34.14%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiequan Rundong	10,069,203	7.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xinchang VC	7,864,556	5.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Jinmi	7,758,489	5.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Ping An	5,840,017	4.18%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Shanyuan	5,440,017	3.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shengying VC	5,246,553	3.76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ruian Fuhai	5,005,729	3.59%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huicuihengyi	4,718,734	3.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Manufacturing Fund	4,404,152	3.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Shengguang	4,256,977	3.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Anhui Tieji	3,806,445	2.73%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dongfeng Group	3,622,560	2.60%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yiqi Investment	3,260,304	2.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Yaxin	2,562,961	1.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Xiazhi	2,460,814	1.76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Shareholder	As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and conversion of the Domestic Shares into H Shares (assuming the [REDACTED] is not exercised)					
	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of Domestic Shares	Shareholding in the Domestic Shares	Number of H Shares	Shareholding in the H Shares	Number of Total Shares	Shareholding in the Total Issued Share Capital
Nanjing Intelligent Headquarters Fund	1,811,280	1.30%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jianyuan Lujin	1,811,280	1.30%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Fuding Phase II	1,449,024	1.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Chenyue	1,086,768	0.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qiandao Ronghui	1,086,768	0.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hubei Hongtai	1,033,982	0.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xinyu Yifeng	893,565	0.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiangxi Wenxin No. 2	834,289	0.60%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wu Lingdong	750,000	0.54%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jingkai	727,953	0.52%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Fuyang	620,389	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jisheng Investment	543,384	0.39%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Yinxing	512,310	0.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changchun Changxing	471,873	0.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jin Jun	452,820	0.32%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Juteng	400,000	0.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Karuitong	217,354	0.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Xinjing	333,715	0.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Regional Cooperative Fund	314,582	0.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Zhongkezhucheng	144,902	0.10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Nansheng	89,356	0.06%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Fund Employees	5,663	0.0041%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	***91,908,768***	***65.86%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investors taking part in the **[REDACTED]**	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	***139,554,349***	***100%***	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

PUBLIC FLOAT

Except for the [**REDACTED**] H Shares held by the Employee Incentive Platforms, all the other H Shares will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon completion of the [**REDACTED**] and conversion of the Domestic Shares into H Shares, assuming that the [**REDACTED**] is not exercised.

Upon completion of the [**REDACTED**] and conversion of the Domestic Shares into H Shares, assuming that (i) [**REDACTED**] H Shares being issued in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; (iii) [**REDACTED**] Domestic Shares being converted to H Shares; and (iv) [**REDACTED**] Shares are issued and outstanding in the share capital of our Company upon completion of the [**REDACTED**], [**REDACTED**] Shares, representing approximately [**REDACTED**]% of the Company's total issued Shares, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

A SHARE LISTING PREPARATION

In January 2022, we entered into a tutoring agreement (the "**Tutoring Agreement**") with Guotai Junan Securities Co., Ltd. to act as a sponsor to undergo a tutoring process for a potential A share listing on the SSE STAR Market. Considering that the Stock Exchange would provide us with an international platform to access foreign capital, attract diverse overseas investors, raise our profile and market awareness, we decided to pursue the [**REDACTED**] on the Stock Exchange. As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to the A Share Listing Preparation. While the Tutoring Agreement has not been terminated by the Company as at the Latest Practicable Date, the Company will not pursue a listing on any stock exchanges in the PRC before the completion of, or within six months after, the [**REDACTED**].

Our Directors are not aware of any matters or findings from the A Share Listing Preparation which have been brought to their attention and would have a material adverse implication on the [**REDACTED**], or any matters that might materially and adversely affect our Company's suitability for the [**REDACTED**]. Our Directors further confirm that there is no other matter in relation to the A Share Listing Preparation that needs to be brought to the attention of the Stock Exchange or potential [**REDACTED**]. Based on the due diligence conducted by the Joint Sponsors, the Joint Sponsors are not aware of any material matters in relation to the A Share Listing Preparation that need to be brought to the [**REDACTED**] attention.

Following the completion of the [**REDACTED**] and the [**REDACTED**] on the Stock Exchange, the Company would continue to monitor market movements and regulatory conditions to weigh and may pursue a listing of Shares at a stock exchange in the PRC.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

PRE-[REDACTED] INVESTMENTS

Summary of Pre-[REDACTED] Investments

The following table sets forth a summary of the details of the Pre-[**REDACTED**] Investments(4)(5)(7):

			Series B Financing(3)						
	Series A Financing(1)	Series A+ Financing(2)	Subscriptions in 2018 and 2019	Subscriptions in 2020	Series B+ Financing	Series C Financing	Series C+ Financing	Series C++ Financing	Series D Financing(6)
Amount of registered capital or number of Shares subscribed for	RMB7,353,830	RMB5,801,355	RMB982,921	RMB7,245,120	RMB15,154,798	5,246,553	11,680,034	6,173,733	21,586,005
Amount of consideration paid	RMB120,000,000	RMB142,000,000	RMB55,000,000	RMB400,000,000	RMB836,690,000	RMB298,640,000	RMB700,000,000	RMB370,000,000	RMB1,372,360,000
Post-money valuation of the Company	RMB1,071,830,543	RMB1,749,745,753	RMB4,055,021,823	RMB4,400,933,373	RMB5,237,623,338	RMB5,698,640,093	RMB6,699,999,991	RMB7,069,999,185	RMB8,872,360,000
Date of payment of full consideration	November 17, 2015	May 18, 2018	November 22, 2019	April 23, 2020	July 31, 2021	February 23, 2022	June 28, 2022	December 23, 2022	August 29, 2024
Cost per Share paid under the Pre-[REDACTED] Investment	RMB16.32(8)	RMB24.48(8)	RMB55.96(8)	RMB55.21(8)	RMB55.21(8)	RMB56.92	RMB59.93	RMB59.93	RMB63.58
[REDACTED] to the [REDACTED](9)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Basis of consideration	The consideration for each round of the Pre-[**REDACTED**] Investments were determined based on arm's length negotiations among the relevant parties taking into consideration the timing of the investments and the Company's development stage.								
Use of proceeds and whether they have been fully utilized	We utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, approximately 85% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized.								
Lock-up	Under the applicable PRC laws and regulations, within the 12 months following the [**REDACTED**], no current Shareholders (including the Pre-[**REDACTED**] Investors) may dispose of any of the Shares held by them.								
Strategic benefits	At the time of the Pre-[**REDACTED**] Investments, the Directors were of the view that (i) the Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors and their market influence, knowledge and experience and (ii) the Pre-[**REDACTED**] Investments demonstrated the Pre-[**REDACTED**] Investors' confidence in the operation and development of our Group.								

(1) The equity interest held by the Series A Financing investor were all subsequently transferred to another Shareholder due to their internal restructuring purposes. For more details, see "— Establishment and Corporate Development — Series A Financing."

The Equity Transfer in June 2017 is not included in the above table as the consideration of the transfer in the amount of RMB180,000,000 was paid to Chongqing Gaoxin (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being November 21, 2017. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB24.48. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Series A Financing."

Prior to the Series A Financing, Shanghai Xiazhi also acquired the increased registered capital of the Company of RMB3,000,000 at nominal value, with the date on which full consideration was paid being May 4, 2016. The [**REDACTED**] to the [**REDACTED**] of such subscription is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Establishment and Shareholding Changes in the Company Prior to Series A Financing."

(2) The Equity Transfer in Series A+ Financing is not included in the above table as the aggregate consideration of the transfers in the amount of RMB78,000,000 was paid to Shanghai Longmao (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being May 18, 2018. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB18.28. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Series A+ Financing."

(3) The Equity Transfers in 2019 is not included in the above table as the aggregate consideration of the transfers in the amount of RMB21,500,000 was paid to Shanghai Longmao and Shanghai Xiazhi (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being April 18, 2019. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB41.97. The [**REDACTED**] to the [**REDACTED**] of such transfers is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Series B Financing — Equity transfers in Series B Financing."

The Equity Transfer in March 2020 is not included in the above table as the consideration of the transfer in the amount of RMB200,000,000 was paid to Shanghai Xiazhi (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being April 23, 2020. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB48.36. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Series B Financing — Equity transfers in Series B Financing."

(4) The Equity Transfers in July 2020 I is not included in the above table as the aggregate consideration of the transfers in the amount of RMB80,000,000 was paid to Shanghai Xiazhi and Mr. Ying (instead of our Company) by the relevant Pre-[**REDACTED**] Investors and as of August 25, 2020, such consideration has been fully paid. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB48.36. The [**REDACTED**] to the [**REDACTED**] of such transfers is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Equity Transfers in July 2020."

The Equity Transfers in July 2020 II is not included in the above table as the aggregate consideration of the transfers in the amount of RMB139,233,077 was paid to Shanghai Xiazhi (instead of our Company) by the relevant Pre-[**REDACTED**] Investors and as of July 29, 2020, such consideration has been fully paid. Taking into account of the Company's conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB55.21. The [**REDACTED**] to the [**REDACTED**] of such transfers is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Equity Transfers in July 2020."

The Equity Transfer in July 2020 III is not included in the above table as the consideration of the transfer, i.e., the 49% equity interest in Shanghai Kaida held by Zhuhai Shengguang, was transferred to Mr. Ying (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which such equity transfers were completed being July 31, 2020. For details, see "— Establishment and Corporate Development — Equity Transfers in July 2020."

(5) The Equity Transfer in 2023 is not included in the above table as the consideration of the transfer in the amount of RMB60,000,000 was paid to Qingdao Jianhua (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being March 29, 2023. The cost per Share of such transfer was approximately RMB55.21. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details, see "— Establishment and Corporate Development — Equity Transfer in 2023."

(6) The Equity Transfer in June 2024 is not included in the above table as the consideration of the transfer in the amount of RMB30,000,000 was paid to Changchun PE (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being June 12, 2024. The cost per Share of such transfer was approximately RMB63.58. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Equity Transfer in June 2024, see "— Establishment and Corporate Development — Series D Financing."

(7) Shanghai Juteng Equity Transfer is not included in the above table as the consideration of the transfer in the amount of RMB30,000,000 was paid to Gongqingcheng Shanyuan (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being July 25, 2024. The cost per Share of such transfer was approximately RMB75.00. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Shanghai Juteng Equity Transfer, see "— Establishment and Corporate Development — Equity Transfers in July 2024."

Gongqingcheng Zhongkezhucheng Equity Transfer is not included in the above table as the consideration of the transfer in the amount of RMB8,000,000 was paid to Wuhan Karuitong (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being July 25, 2024. The cost per Share of such transfer was approximately RMB55.21. The [**REDACTED**] to the [**REDACTED**] of such transfer is approximately [**REDACTED**]%. For details of the Gongqingcheng Zhongkezhucheng Equity Transfer, see "— Establishment and Corporate Development — Equity Transfers in July 2024."

(8) Taking into account of the Company's conversion into a joint stock limited company in December 2021.

(9) Calculated based on the currency translation of HK$1 to RMB0.9232 and on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] range.

Rights of the Pre-[REDACTED] Investors

The relevant Pre-[**REDACTED**] investment agreements contain certain special rights of the Pre-[**REDACTED**] Investors, including but not limited to co-sale right, redemption right, and right of first refusal. As confirmed by each Pre-[**REDACTED**] Investor, the Company is not the obligor to such special rights. No redemption right existed on or after the date of our first submission of the [**REDACTED**] to the Stock Exchange in relation to the [**REDACTED**] and no other effective special rights will survive the [**REDACTED**].

Information about our Pre-[REDACTED] Investors

The background information on our Pre-[**REDACTED**] Investors are as set out below.

Jiequan Rundong

Jiequan Rundong is a limited partnership established in the PRC on December 5, 2017, primarily engaged in equity investments, and is managed by its general partner Nanjing Suning Rundong Equity Investment Management Center (Limited Partnership) (南京蘇寧潤東股權投資管理中心(有限合夥)) ("**Nanjing Rundong**"). Nanjing Rundong was managed by its general partner Suning Rundong, which was in turn owned as to 80.00% by Suning Holdings Group Co., Ltd. (蘇寧控股集團有限公司) ("**Suning Holdings**"). Suning Holdings was owned as to 51.00% by Zhang Jindong (張近東) and as to 39.00% by Zhang Kangyang (張康陽). As of the Latest Practicable Date, Jiequan Rundong had five limited partners with Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司) being the largest one holding 30.00% partnership interest in Jiequan Rundong.

To the best knowledge of the Directors, each of Jiequan Rundong and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Tianjin Jinmi

Tianjin Jinmi is a limited partnership established in the PRC on July 16, 2014, engaged in the equity investment in industries such as electronics, technology and the Internet, and is managed and owned as to approximately 86.20% by its general partner Tianjin Jinxing Investment Co., Ltd. (天津金星創業投資有限公司) ("**Tianjin Jinxing**"). Tianjin Jinxing was wholly-owned by Xiaomi Inc. (小米科技有限責任公司), which is controlled by Xiaomi Corporation (小米集團) (a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 1810)). As of the Latest Practicable Date, Tianjin Jinmi had only one limited partner, Tianjin Zhongmi Enterprise Management Partnership (Limited Partnership) (天津眾米企業管理合夥企業(有限合夥)), holding approximately 13.80% partnership interest in Tianjin Jinmi.

To the best knowledge of the Directors, each of Tianjin Jinmi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Zhuhai Shengguang

Zhuhai Shengguang is a limited partnership established in the PRC on August 21, 2018, primarily engaged in external investments with its own funds, and is managed by its general partner Shanghai Yisong Investment Management Co., Ltd. (上海益松投資管理有限公司) ("**Shanghai Yisong**"). Shanghai Yisong was owned as to 80.00% by Wu Lingdong (吳淩東), one of our Pre-[**REDACTED**] Investors. As of the Latest Practicable Date, Zhuhai Shengguang had only one limited partner, Zhuhai Shengguang Yisong New Power Investment Partnership (Limited Partnership) (珠海市省廣益松新動力投資合夥企業(有限合夥)) ("**Zhuhai Shengguang Yisong New Power**"), holding 99.90% partnership interest in Zhuhai Shengguang.

To the best knowledge of the Directors, save as disclosed above, each of Zhuhai Shengguang and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Dongfeng Group

Dongfeng Group is a joint stock limited company established in the PRC on May 18, 2001 and listed on the Main Board of the Stock Exchange (stock code: 00489) on December 7, 2005, primarily engaged in the manufacturing businesses of commercial vehicles, passenger cars, engines, other automotive parts, and other vehicle-related businesses.

To the best knowledge of the Directors, each of Dongfeng Group and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Ningbo Yaxin

Ningbo Yaxin is a limited partnership established in the PRC on July 21, 2016, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Jinding Huachuang (Beijing) Investment Management Co., Ltd. (金鼎華創(北京)投資管理有限公司) ("**Jinding Huachuang**"). Jinding Huachuang was owned as to 82.00% by Zhang Jie (張傑). As of the Latest Practicable Date, Ningbo Yaxin had 17 limited partners with Sun Jianhua (孫建華) being the largest one holding approximately 13.25% partnership interest in Ningbo Yaxin.

To the best knowledge of the Directors, each of Ningbo Yaxin and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Shanghai Xiazhi

Shanghai Xiazhi is a limited partnership established in the PRC on March 10, 2016, primarily engaged in business management consulting, and is managed by its general partner Chongqing Hongma Xiazhi Information Technology Consulting Service Co., Ltd. (重慶紅馬夏置信息技術諮詢服務有限公司) ("**Chongqing Hongma**"). Chongqing Hongma was owned as to 99.00% by Chongqing Hi-Tech Venture Capital Redhorse Capital Mgmt. Co., Ltd. (重慶高新創投紅馬資本管理有限公司) ("**Chongqing Hi-Tech**"), which was in turn owned as to 41.25% by Hunan Hi-Tech Venture Capital Investment Group Co., Ltd. (湖南高新創業投資集團有限公司) ("**Hunan Hi-Tech**"), as to 32.50% by Chongqing Electromechanical Holding Group Xinbo Investment Management Co., Ltd. (重慶機電控股集團信博投資管理有限公司) ("**Chongqing Electromechanical**"), and as to 18.75% and 7.5% by two other shareholders, respectively. Chongqing Electromechanical was a wholly state-owned corporation indirectly held by State-owned Assets Supervision and Administration Commission of Chongqing (重慶市國有資產監督管理委員會). Hunan Hi-Tech was a state-owned corporation held as to, directly and indirectly, approximately 90.04% by State-owned Assets Supervision and Administration Commission of Hunan Provincial People's Government (湖南省人民政府國有資產監督管理委員會). As of the Latest Practicable Date, Shanghai Xiazhi had only one limited partner, Chongqing Gaoxin VCLiangjiang Automobile Industry Investment Center (Limited Partnership) (重慶高新創投兩江品牌汽車產業投資中心(有限合夥)), holding approximately 99.98% partnership interest in Shanghai Xiazhi.

To the best knowledge of the Directors, each of Shanghai Xiazhi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Nanjing Intelligent Headquarters Fund

Nanjing Intelligent Headquarters Fund is a limited partnership established in the PRC on May 29, 2020, primarily engaged in venture capital, and is managed by its general partner NANJING JIANGBEI SBI Equity Investment Fund Co., Ltd. (南京江北思佰益私募投資基金有限公司) ("**NANJING JIANGBEI SBI**"). NANJING JIANGBEI SBI was owned as to 60.00% by SBI China Co., Ltd. (思佰益(中國)投資有限公司) ("**SBI China**") and as to 40% by two other shareholders with none of them holding more than 20% equity interest of NANJING JIANGBEI SBI. SBI China was wholly-owned by SBI Holdings, Inc. (a company whose issued shares are listed on the Tokyo Stock Exchange (stock code: 8473)). As of the Latest Practicable Date, Nanjing Intelligent Headquarters Fund had two limited partners with Nanjing Beilian Venture Capital Co., Ltd. (南京北聯創業投資有限公司) being the largest one, holding approximately 89.11% partnership interest in Nanjing Intelligent Headquarters Fund.

To the best knowledge of the Directors, each of Nanjing Intelligent Headquarters Fund and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Shanghai Fuding Phase II

Shanghai Fuding Phase II is a limited partnership established in the PRC on July 30, 2020, primarily engaged in equity investment, and is managed by its general partner Shanghai Fuding Investment Management Partnership (Limited Partnership) (上海複鼎投資管理合夥企業(有限合夥)) ("**Shanghai Fuding**"). Shanghai Fuding was managed by its general partner Liu Zhengmin (劉正民). As of the Latest Practicable Date, Shanghai Fuding Phase II had 28 limited partners with Shanghai Maofu Enterprise Development Group Co., Ltd. (上海茂福企業發展集團有限公司) being the largest one, holding approximately 19.05% partnership interest in Shanghai Fuding Phase II.

To the best knowledge of the Directors, each of Shanghai Fuding Phase II and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jiaxing Chenyue

Jiaxing Chenyue is a limited partnership established in the PRC on August 18, 2020, primarily engaged in equity and industrial investment, and is managed by its general partner CCB Investment. CCB Investment was wholly-owned by CCB Trust CO., LTD. (建信信託有限責任公司), which was in turn owned as to 67.00% by China Construction Bank Corporation (中國建設銀行股份有限公司) (a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939)), and indirectly as to 33.00% by State-owned Assets Supervision and Administration Commission of Hefei Municipal People's Government (合肥市人民政府國有資產監督管理委員會). As of the Latest Practicable Date, Jiaxing Chenyue had only one limited partner, Beijing Juxinde Investment Management Center (Limited Partnership) (北京聚信德投資管理中心(有限合夥)), holding 99.80% partnership interest in Jiaxing Chenyue.

To the best knowledge of the Directors, each of Jiaxing Chenyue and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Qiandao Ronghui

Qiandao Ronghui is a limited partnership established in the PRC on December 5, 2019, primarily engaged in external investments with its own funds, and is managed by its general partner Qiandao Investment Fund Management Co., Ltd. (乾道投資基金管理有限公司) ("**Qiandao Investment**"). Qiandao Investment was wholly-owned by Qiandao Investment Holding Group Co., Ltd. (乾道投資控股集團有限公司), which was in turn owned as to approximately 60.78% by Yan Zurong (鄢祖容) and as to approximately 39.22% by other two shareholders with none of them holding more than 25% equity interest of Qiandao Investment Holding Group Co., Ltd. As of the Latest Practicable Date, Qiandao Ronghui had 21 limited partners with Qingdao Qiandao Glory Investment Management Center (Limited Partnership)(青島乾道榮耀投資管理中心(有限合夥)) being the largest one, holding approximately 26.19% partnership interest in Qiandao Ronghui.

To the best knowledge of the Directors, each of Qiandao Ronghui and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Hubei Hongtai

Hubei Hongtai is a limited partnership established in the PRC on December 15, 2017, primarily engaged in non-securities equity investment and related consulting services, and is managed by its general partner Hubei Hongtai Hailian Investment Management Co., Ltd. (湖北宏泰海聯投資管理有限公司) ("**Hongtai Hailian**"). Hongtai Hailian was owned as to 40.00% by Shanghai Dishui Chenghai Investment Management Co., Ltd. (上海滴水成海投資管理有限公司), which was in turn owned as to 87.88% by Haier Group (Qingdao) Jinying Holding Co., Ltd. (海爾集團(青島)金盈控股有限公司) ("**Haier Group (Qingdao)**"), and as to 60% by two other shareholders with none of them holding more than 30% equity interest of Hongtai Hailian. Haier Group (Qingdao) was wholly-owned by Qingdao Haironghui Holdings Co., Ltd. (青島海融匯控股有限公司) which was in turn owned as to 51.20% by Haier Group Corporation (海爾集團公司) (an urban collectively-owned enterprise without any shareholder with its body of the employee representatives being its governing body), and as to 48.80% by Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (青島海創客管理諮詢企業(有限合夥)), a limited partnership managed by its general partner Qingdao Haichuangke Investment Management Co., Ltd. (青島海創客投資管理有限公司), which was in turn owned as to 51.10% by Zhang Ruimin (張瑞敏) and as to 48.90% by three other shareholders with none of them holding more than 16.30% equity interest of Qingdao Haichuangke Investment Management Co., Ltd. As of the Latest Practicable Date, Hubei Hongtai had six limited partners with Hubei Changchuang Industrial Investment Fund Co., Ltd. (湖北長創產業投資基金有限公司) being the largest one, holding approximately 29.03% partnership interest. Hangzhou Fuyang, one of our Pre-[**REDACTED**] Investors, was also one of the limited partners of Hubei Hongtai, holding approximately 9.00% partnership interest.

To the best knowledge of the Directors, save as disclosed above and below in "— Information about our Pre-[**REDACTED**] Investors — Hangzhou Fuyang" in this section, each of Hubei Hongtai, its ultimate beneficial owners, and its general partner and limited partners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Hangzhou Fuyang

Hangzhou Fuyang is a limited partnership established in the PRC on December 10, 2019, primarily engaged in equity investment, and is managed by its general partner Hangzhou Hairi Dinghui Equity Investment Management Co., Ltd. (杭州海日鼎輝股權投資管理有限公司) ("**Hangzhou Hairi**"). Hangzhou Hairi was indirectly owned as to 82.40% by Tianjin Haili

Fangzhou Investment Management Co., Ltd. (天津海立方舟投資管理有限公司), which was in turn owned as to approximately 81.54% by Haier Group (Qingdao). For details of background of Haier Group (Qingdao), see "— Information about our Pre-[**REDACTED**] Investors — Hubei Hongtai." As of the Latest Practicable Date, Hangzhou Fuyang had four limited partners with Qingdao Hengyan Hongze Venture Capital Partnership (Limited Partnership) (青島恒岩鴻澤創業投資合夥企業(有限合夥)) being the largest one, holding approximately 34.00% partnership interest in Hangzhou Fuyang, and none of the remaining three limited partners holding more than 30.00% partnership interest in Hangzhou Fuyang.

To the best knowledge of the Directors, save as disclosed above and in "— Information about our Pre-[**REDACTED**] Investors — Hubei Hongtai" in this section, each of Hangzhou Fuyang, its ultimate beneficial owners, and its general partner and limited partners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Xinyu Yifeng

Xinyu Yifeng is a limited partnership established in the PRC on March 7, 2018, primarily engaged in investment management and enterprise investment, and is managed by its general partner Zhejiang Huiyifeng Asset Management Co., Ltd. (浙江惠一豐資產管理有限公司) ("**Zhejiang Huiyifeng**"). Fu Lixin (付立新) was in charge of the daily operations of Zhejiang Huiyifeng. Zhejiang Huiyifeng was owned as to 70.00% by Zhu Yulong (朱裕龍) and as to 30.00% by another individual shareholder. As of the Latest Practicable Date, Xinyu Yifeng had 47 limited partners with Ma Xianhai (馬憲海) being the largest one, holding approximately 4.20% partnership interest in Xinyu Yifeng.

To the best knowledge of the Directors, save as disclosed above and below in "— Information about our Pre-[**REDACTED**] Investors — Hangzhou Nansheng" in this section, each of Xinyu Yifeng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Wu Lingdong

Wu Lingdong is an individual investor and invested in the Company by acquiring equity interest directly from Shanghai Xiazhi, with a view to benefiting from our future growth. Wu Lingdong became aware of the potential investment opportunity in the Group through Mr. Ying. Wu Lingdong has been the chairman and general manager of Shanghai Yisong (being the general partner of Zhuhai Shengguang, our another Pre-[**REDACTED**] Investor, as of the Latest Practicable Date) since May 2015. To the best knowledge of the Directors, save as disclosed above, Wu Lingdong is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jiaxing Jingkai

Jiaxing Jingkai is a limited partnership established in the PRC on November 26, 2020, primarily engaged in equity investment and related consulting services, and is managed by its general partner Shanghai Jingkai Yingte Investment Management Co., Ltd. (上海晶凱贏特投資管理有限公司) ("**Shanghai Jingkai**"). Shanghai Jingkai was owned as to 96.00% by Zhang Jingtian (張晶天). As of the Latest Practicable Date, Jiaxing Jingkai had five limited partners with Jiaxing Mingyan Equity Investment Partnership (Limited Partnership) (嘉興明琰股權投資合夥企業(有限合夥)) being the largest one, holding approximately 70.92% partnership interest in Jiaxing Jingkai.

To the best knowledge of the Directors, each of Jiaxing Jingkai and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Ningbo Yinxing

Ningbo Yinxing is a limited partnership established in the PRC on June 1, 2018, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Ample Harvest Investment Management Co., Ltd. (上海豐實股權投資管理有限公司) ("**Ample Harvest**"). Ample Harvest was wholly-owned by Shanghai Ample Harvest Capital (Group) Co., Ltd. (上海豐實金融服務(集團)有限公司), which was in turn owned as to approximately 58.67% by Shanghai Fengshi Asset Management Co., Ltd. (上海豐實資產管理有限公司) ("**Shanghai Fengshi**") and as to approximately 41.33% by Shanghai Jufeng Asset Management Co., Ltd. (上海鉅豐資產管理有限公司) ("**Shanghai Jufeng**"). Shanghai Fengshi was owned as to approximately 59.20% by Lu Changqi (盧長祺) and as to approximately 40.80% by Shanghai Haijia Business Consulting Co., Ltd. (上海海嘉商務諮詢有限公司), which was in turn owned as to 51% by Xi Li (奚利) and as to 49% by Lu Changqi (盧長祺). Shanghai Jufeng was owned as to 70% by Lu Changqi and as to 30% by another individual shareholder. As of the Latest Practicable Date, Ningbo Yinxing had ten limited partners with Hou Yi (侯毅) being the largest one, holding approximately 23.26% partnership interest in Ningbo Yinxing.

To the best knowledge of the Directors, each of Ningbo Yinxing and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jin Jun

Jin Jun is an individual investor and invested in the Company by participating in the Series B+ Financing, with a view to benefiting from our future growth. Jin Jun became aware of the potential investment opportunity in the Group through Mr. Ying. To the best knowledge of the Directors, Jin Jun is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Wuhan Karuitong

Wuhan Karuitong is a limited partnership established in the PRC on April 26, 2017, primarily engaged in investment in the new energy vehicle industry, and is managed by its general partner Beijing Karui Venture Capital Management Center (Limited Partnership) (北京卡睿創業投資管理中心(有限合夥)) ("**Beijing Karui**"). Beijing Karui was managed by its general partner Karuida (Beijing) Technology Incubator Co., Ltd. (卡睿達(北京)科技孵化器有限公司), which was in turn owned as to 99% by Beijing Tongxin Weichuang Management Consulting Center (General Partnership) (北京同心偉創管理諮詢中心(普通合夥)). Beijing Tongxin Weichuang Management Consulting Center (General Partnership) was managed by its general partner Zhang Han (張晗). As of the Latest Practicable Date, Wuhan Karuitong had four limited partners with Hubei Yangtze River Weilai New Energy Industry Development Fund Partnership (Limited Partnership) (湖北長江蔚來新能源產業發展基金合夥企業(有限合夥)) being the largest one, holding 37.50% partnership interest in Wuhan Karuitong, and none of the remaining three limited partners holding more than 25.00% partnership interest in Wuhan Karuitong.

To the best knowledge of the Directors, each of Wuhan Karuitong and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Hangzhou Nansheng

Hangzhou Nansheng is a limited partnership established in the PRC on February 6, 2018, primarily engaged in investment management, asset management and investment consulting, and is managed by its general partner Shanghai Fuxin Private Equity Fund Management Co., Ltd. (上海傅鑫私募基金管理有限公司) ("**Shanghai Fuxin**"). Shanghai Fuxin was owned as to 70.00% by Fu Lixin (付立新) and as to 30.00% by another individual shareholder. As of the Latest Practicable Date, Hangzhou Nansheng had 33 limited partners with Li Jingqiang (李景強) being the largest one, holding approximately 5.17% partnership interest in Hangzhou Nansheng.

To the best knowledge of the Directors, save as disclosed above and in "— Information about our Pre-[**REDACTED**] Investors — Xinyu Yifeng" in this section, each of Hangzhou Nansheng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jianyuan Lujin

Jianyuan Lujin is a limited partnership established in the PRC on September 27, 2020, primarily engaged in equity investment management, asset management, investment consulting and venture capital investment, with its general partner Shanghai Jianyuan Equity Investment Fund Management Partnership (Limited Partnership) (上海建元股權投資基金管理合夥企業(有限合夥)) ("**Shanghai Jianyuan**") acting as its fund manager. The general partner of Shanghai Jiayuan is Shanghai Jianyuan Enterprise Management Partnership (Limited Partnership) (上海

建轅企業管理合夥企業(有限合夥)) with Shanghai Pingxin Business Consulting Co., Ltd. (上海平心商務諮詢有限公司) ("**Shanghai Pingxin**") being its general partner. Shanghai Pingxin was owned as to 72.00% by Shen Peiliang (沈培良). As of the Latest Practicable Date, Jianyuan Lujin had seven limited partners with Shanghai Jianyuan Investment Co., Ltd. (上海建元投資有限公司) being the largest one, holding approximately 54.22% partnership interest in Jianyuan Lujin only, and none of other six limited partners holding more than 13.26% partnership interest in Jianyuan Lujin.

To the best knowledge of the Directors, each of Jianyuan Lujin and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Yiqi Investment

Yiqi Investment is a wholly state-owned corporation established in the PRC on March 28, 2018, primarily engaged in investment management, asset management and investment consulting. Yiqi Investment was wholly-owned by China FAW Group Corporation (中國第一汽車集團有限公司), which was in turn wholly-owned by State-owned Assets Supervision and Administration Commission of State Council of the PRC.

To the best knowledge of the Directors, save as disclosed below in "— Information about our Pre-[**REDACTED**] Investors — Jisheng Investment" in this section, each of Yiqi Investment and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jisheng Investment

Jisheng Investment is a limited partnership established in the PRC on November 13, 2020, primarily engaged in external investments with its own funds, and is managed by its general partner Zhejiang Jisheng Asset Management Co., Ltd. (浙江吉晟資產管理有限公司) ("**Zhejiang Jisheng**"). Zhejiang Jisheng was wholly-owned by Changchun FAWSN Group Co., Ltd. (長春富晟集團有限公司) ("**Changchun FAWSN Group**"), which was in turn owned as to 35.00% by Changchun Fuan Management Co., Ltd. (長春富安管理有限公司) ("**Changchun FAWSN Management**") and as to 65.00% by three other shareholders with none of them holding more than 30.00% equity interest of Changchun FAWSN Group. Changchun FAWSN Management was wholly-owned by Fusheng Holdings (Changchun) Group Co., Ltd. (富晟控股(長春)集團有限公司) ("**Fusheng Holdings**"). Fusheng Holdings was owned as to approximately 33.55% by Changchun Shengchuang Investment Partnership (Limited Partnership) (長春晟創投資合夥企業(有限合夥)) ("**Changchun Shengchuang**"), as to approximately 32.34% by Changchun Shengjun Investment Partnership (Limited Partnership) (長春晟駿投資合夥企業(有限合夥)) ("**Changchun Shengjun**"), and as to approximately 30.41% by another shareholder. Changchun Shengchuang was managed by its general partner Changchun Shengling Enterprise Management Co., Ltd. (長春晟領企業管理有限公司), which was in turn owned as to 50.00% by Zhang Xin (張昕) and 50.00% by other two shareholders with none of them holding more than 30% equity interest of Changchun Shengling Enterprise

Management Co., Ltd. Changchun Shengjun was managed by its general partner Changchun Shengtou Enterprise Management Co., Ltd. (長春晟投企業管理有限公司), which was in turn owned as to 50.00% by Zhang Xin and 50.00% by other two shareholders with none of them holding more than 30% equity interest of Changchun Shengtou Enterprise Management Co., Ltd. As of the Latest Practicable Date, Jisheng Investment had eight limited partners with Changchun FAWSN Group being the largest one, holding 30.00% partnership interest in Jisheng Investment, and none of the remaining seven limited partners holding more than 20% partnership interest in Jisheng Investment. Yiqi Investment, our another Pre-[**REDACTED**] Investor, held 25.00% equity interests in Changchun FAWSN Group.

To the best knowledge of the Directors, save as disclosed above, each of Jisheng Investment and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Shengying VC

Shengying VC is a limited partnership established in the PRC on November 24, 2021, primarily engaged in venture capital in unlisted enterprises, and is managed by its general partners Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) ("**Shanghai Guosheng**"), Shanghai Shengpu Enterprise Management Partnership (Limited Partnership) (上海盛浦企業管理合夥企業(有限合夥)) ("**Shanghai Shengpu**") and Shanghai Zhichen Asset Management Co., Ltd. (上海至辰資產管理有限公司) ("**Shanghai Zhichen**"). Shanghai Guosheng was owned as to approximately 49.80% by State-owned Assets Supervision and Administration Commission of Shanghai (上海市國有資產監督管理委員會) through its wholly controlled entities. Shanghai Shengpu was managed by its general partner Zhou Daohong (周道洪). Shanghai Zhichen was wholly-owned by Shanghai Hengji Puye Asset Management Co., Ltd. (上海恒基浦業資產管理有限公司) ("**Hengji Puye**"). Chu Wenjun (褚文軍) was the largest shareholder of Hengji Puye, holding 40.00% of its equity interest. None of the other four shareholders of Hengji Puye held more than 22.00% of its equity interest. As of the Latest Practicable Date, Shengying VC had six limited partners with Shanghai State-owned Enterprise Reform and Development Equity Investment Fund Partnership (Limited Partnership) (上海國企改革發展股權投資基金合夥企業(有限合夥)) ("**Shanghai Reform Fund**") being the largest one, holding approximately 65.56% partnership interest in Shengying VC, and none of the remaining five limited partners holding more than 24.00% partnership interest in Shengying VC.

To the best knowledge of the Directors, each of Shengying VC and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Guangzhou Ping An

Guangzhou Ping An is a limited partnership established in the PRC on December 30, 2020, and is an investment fund managed by its general partner and fund partner Ping An Capital Co., Ltd. (平安資本有限責任公司) ("**Ping An Capital**"), which is an equity investment platform focusing on investments in high-end manufacturing, energy conservation and environmental protection, medical and health, modern technology and services, and consumer sectors. Ping An Capital was indirectly wholly-owned by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Insurance Group**") (a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 02318) and the Shanghai Stock Exchange (stock code: 601318)). As of the Latest Practicable Date, Guangzhou Ping An had seven limited partners with Shanghai Jahwa United Co., Ltd. (上海家化聯合股份有限公司) being the largest one, holding approximately 27.87% partnership interest in Guangzhou Ping An, and none of the remaining six limited partners holding more than 22.36% partnership interest in Guangzhou Ping An.

To the best knowledge of the Directors, each of Guangzhou Ping An and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Gongqingcheng Shanyuan

Gongqingcheng Shanyuan is a limited partnership established in the PRC on June 1, 2022, primarily engaged in equity investment, investment management and asset management with private equity funds, and is managed by its general partner Hangzhou Shanqian Enterprise Management Partnership (General Partnership) (杭州善遷企業管理合夥企業(普通合夥)) ("**Hangzhou Shanqian**"). Hangzhou Shanqian was managed by its general partners Jiangxi Jinggangshan Beiyuan Venture Capital Management Co., Ltd. (江西省井岡山北源創業投資管理有限公司) ("**Jinggangshan Beiyuan VC**") and Hangzhou Gaojun Enterprise Management Partnership (Limited Partnership) (杭州高峻企業管理合夥企業(有限合夥)) ("**Hangzhou Gaojun**"). Jinggangshan Beiyuan VC was owned by four shareholders with none of them holding more than 30% equity interest of Jinggangshan Beiyuan VC. Hangzhou Gaojun was managed by its general partner Hangzhou Gaotuo Enterprise Management Co., Ltd. (杭州高拓企業管理有限責任公司) ("**Hangzhou Gaotuo**"), which was in turn owned as to 60.00% by Jin Yunqin (金允勤) and as to 40% by two other shareholders with none of them holding more than 20.00% equity interest of Hangzhou Gaotuo.

As of the Latest Practicable Date, Gongqingcheng Shanyuan had three limited partners with Xian Shanmei Industrial Investment Fund Partnership (Limited Partnership) (西安善美產業投資基金合夥企業(有限合夥)) ("**Shanmei Fund**") being the largest one, holding approximately 98.90% partnership interest in Gongqingcheng Shanyuan.

To the best knowledge of the Directors, each of Gongqingcheng Shanyuan and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Suzhou Xinjing

Suzhou Xinjing is a limited partnership established in the PRC on April 27, 2021, primarily engaged in venture capital in unlisted enterprises, and is managed by its general partner Shanghai Jinfuying Management Consulting Co., Ltd. (上海金馥盈管理諮詢有限公司) ("**Shanghai Jinfuying**"). Shanghai Jinfuying was owned as to 51.00% by Shanghai Jinjingchengpu Private Fund Management Co., Ltd. (上海金景城濮私募基金管理有限公司) ("**Shanghai Jinjingchengpu**") and as to 40.00% by Fuying Management Consulting (Shanghai) Co., Ltd. (馥盈管理諮詢(上海)有限公司) which was in turn owned as to 50.00% by Tso Bingti (左炳堤) and as to 50.00% by Leung Hiukong (梁曉剛). Shanghai Jinjingchengpu was owned as to 35.00% by Shanghai Danrong Enterprise Management Co., Ltd. (上海丹戎企業管理有限公司) ("**Shanghai Danrong**") and as to 35.00% by Shanghai Jinjing Investment Management Consulting Co., Ltd. (上海金景投資管理諮詢有限公司) ("**Shanghai Jinjing**"). Shanghai Danrong was owned as to 60% by Dejie Enterprise Management (Shanghai) Co., Ltd. (德頡企業管理(上海)有限公司) which was in turn wholly-owned by Cho Techin (卓德欽), and as to 40% by Shanghai Hongcai New Energy Technology Co., Ltd. (上海鴻彩新能源科技有限公司) which was in turn owned as to 98% by Zhou Weilun (周薇倫). Shanghai Jinjing was wholly-owned by Ample Pacific Development Limited (中太發展有限公司) which was in turn indirectly wholly-owned by an independent individual.

As of the Latest Practicable Date, Suzhou Xinjing had two limited partners, namely Xinche Investment (Shanghai) Co., Ltd. (鑫車投資(上海)有限公司) and Jinjing Growth (Xiamen) Venture Capital Partnership (Limited Partnership) (金景成長(廈門)創業投資合夥企業(有限合夥)), holding approximately 59.46% and 37.84% partnership interest in Suzhou Xinjing, respectively.

To the best knowledge of the Directors, each of Suzhou Xinjing and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Jiangxi Wenxin No. 2

Jiangxi Wenxin No. 2 is a limited partnership established in the PRC on August 22, 2022, primarily engaged in equity investment, and is managed by its general partner Jiangxi Jindujuan Private Equity Fund Management Co., Ltd. (江西省金杜鵑私募基金管理有限公司) ("**Jindujuan Capital**"). Jindujuan Capital was indirectly wholly-owned by Propaganda Department of the Jiangxi Provincial Committee of the Communist Party of the PRC (中共江西省委宣傳部). As of the Latest Practicable Date, Jiangxi Wenxin No. 2 had seven limited partners with Jiangxi Chinese Media Blue Ocean International Investment Co., Ltd. (江西中文傳媒藍海國際投資有限公司) being the largest one, holding approximately 42.86% partnership interest in Jiangxi Wenxin No. 2, and none of the remaining six limited partners holding more than 22.00% partnership interest in Jiangxi Wenxin No. 2.

To the best knowledge of the Directors, each of Jiangxi Wenxin No. 2 and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Ruian Fuhai

Ruian Fuhai is a limited partnership established in the PRC on October 14, 2021, primarily engaged in equity investment and venture capital in unlisted enterprises, and is managed by its general partner Shenzhen Oriental Fortune Venture Capital Investment Co., Ltd. (深圳市東方富海創業投資管理有限公司) ("**Oriental Fortune**"). Oriental Fortune was wholly-owned by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**Shenzhen Oriental Fortune**"), which was in turn owned as to approximately 41.67% by its largest shareholder Chen Wei (陳瑋) (directly as to approximately 12.89% by himself and indirectly as to approximately 28.78% through his controlled corporation Wuhu Fuhai Jiutai Investment Consult Partnership (Limited Partnership) (蕪湖市富海久泰投資諮詢合夥企業(有限合夥)). As of the Latest Practicable Date, Ruian Fuhai had two limited partners, Ruian State-owned Assets Investment Group Co., Ltd. (瑞安市國有資產投資集團有限公司) and Ruian Industrial Fund Co., Ltd. (瑞安市產業基金有限公司), holding 69.00% and 30.00% partnership interest in Ruian Fuhai, respectively.

To the best knowledge of the Directors, each of Ruian Fuhai and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Xinchang VC

Xinchang VC is a limited liability company established in the PRC on March 25, 2022, primarily engaged in equity investment and venture capital in unlisted enterprises. Xinchang VC was owned as to 49.00% by Xinchang County Financial Holdings Investment Development Co., Ltd.(新昌縣金控投資發展有限公司) ("**Xinchang Financial Holdings**") and 31.00% by Xinchang High Tech Park Investment Group Co., Ltd. (新昌縣高新園區投資集團有限公司) ("**Xinchang High Tech**"). Xinchang Financial Holdings and Xinchang High Tech were both indirectly wholly-owned by State-owned Assets Supervision and Administration Office of Xinchang County People's Government (新昌縣人民政府國有資產監督管理辦公室) ("**Xinchang SASAO**"), a state-owned entity.

To the best knowledge of the Directors, each of Xinchang VC and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Anhui Tieji

Anhui Tieji is a limited partnership established in the PRC on December 24, 2023, primarily engaged in equity investment, investment management and asset management with private equity funds, and is managed by its general partner Anhui Zhongan Capital Management Ltd. (安徽中安資本管理有限公司) ("**Anhui Zhongan**"). Anhui Zhongan was wholly-owned by Anhui Railway Construction Investment Fund Co., Ltd. (安徽省鐵路發展基金股份有限公司) ("**Anhui Railway Fund**"), which was in turn owned as to 46.67% by Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司) ("**Anhui Investment**

Holdings"), a state-owned entity, and as to 42.37% by Anhui Railway Investment Co., Ltd. (安徽省鐵路投資有限責任公司) ("**Anhui Railway**"), which was in turn wholly-owned by Anhui Investment Holdings. As of the Latest Practicable Date, Anhui Tieji had two limited partners, namely Lu'an High Tech Construction Investment Group Co., Ltd. (六安高新建設投資集團有限公司) ("**Lu'an High Tech**") and Anhui Railway Fund, holding 60.00% and 38.40% partnership interest in Anhui Tieji, respectively.

To the best knowledge of the Directors, each of Anhui Tieji and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Changchun Changxing

Changchun Changxing is a limited partnership established in the PRC on December 29, 2023, primarily engaged in fund management, investment and operation, and is managed by its general partner Changchun PE. Changchun PE was wholly-owned by Changchun Municipal Holding Group Co., Ltd. (長春市金融控股集團有限公司), which was in turn wholly-owned by Changchun Municipal Finance Bureau (長春市財政局). As of the Latest Practicable Date, Changchun Changxing had one limited partner, namely Changchun Changxing Equity Investment Fund Partnership (Limited Partnership) (長春市融興經濟發展有限公司), holding 97.00% partnership interest in Changchun Changxing.

To the best knowledge of the Directors, each of Changchun Changxing and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Sichuan Funds and Sichuan Fund Employees

Sichuan Manufacturing Fund and Sichuan Regional Cooperative Fund (collectively, "**Sichuan Funds**"), both controlled by the state-owned Sichuan Xingchuan Key Project Equity Investment Fund Management Co., Ltd. (四川興川重點項目股權投資基金管理有限公司) ("**Sichuan Xingchuan**"), made Pre-[**REDACTED**] Investments in the Company. As an incentive, Sichuan Fund Employees were invited by Sichuan Funds to also participate in the Series D Financing.

Sichuan Manufacturing Fund is a limited partnership established in the PRC on August 31, 2021, primarily engaged in fund management, investment and assets management, and is managed by its general partner Sichuan Xietong Zhenxing Private Equity Investment Fund Management Co., Ltd. (四川協同振興私募股權投資基金管理有限公司) ("**Sichuan Xietong**"), which is in turn owned as to 68.00% by Sichuan Xingchuan. Sichuan Xingchuan was indirectly controlled by Department of Finance of Sichuan Province (四川省財政廳). As of the Latest Practicable Date, Sichuan Manufacturing Fund had two limited partners, namely, Sichuan Regional Cooperative Fund and National Manufacturing Transformation and Upgrading Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司), holding approximately 69.83% and 29.93% of Sichuan Manufacturing Fund, respectively.

Sichuan Regional Cooperative Fund is a limited partnership established in the PRC on December 20, 2019, primarily engaged in fund management and investment, and is managed by its general partner Sichuan Xingchuan. As of the Latest Practicable Date, Sichuan Regional Cooperative Fund had 15 limited partners with Shudao Capital Holdings Group Co., Ltd. (蜀道資本控股集團有限公司) being the largest one, holding approximately 21.55% partnership interest in Sichuan Regional Cooperative Fund.

To the best knowledge of the Directors, save as disclosed above, each of the Sichuan Funds, their ultimate beneficial owners and each of the Sichuan Fund Employees is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Shanghai Juteng

Shanghai Juteng is a limited liability company established in the PRC on June 20, 2020, primarily engaged in manufacturing of computer, communication and other electronic equipment. As of the Latest Practicable Date, Shanghai Juteng was wholly-owned by Dai Xiaoying (戴小英).

To the best knowledge of the Directors, each of Shanghai Juteng and its ultimate beneficial owner is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Gongqingcheng Zhongkezhucheng

Gongqingcheng Zhongkezhucheng is a limited partnership established in the PRC on March 10, 2023, primarily engaged in private equity and venture capital investment, and is managed by its general partner Beijing Zhongkerongyi Venture Capital Management Co., Ltd. (北京中科融藝創業投資管理有限公司) ("**Beijing Zhongkerongyi**"). Beijing Zhongkerongyi was owned as to 47.00% by Qingdao Zhongkerongyi Technology Service Co., Ltd. (青島中科融藝科技服務有限公司) ("**Qingdao Zhongkerongyi**") and as to 53.00% by three other shareholders with none of them holding more than 30.00% equity interest of Beijing Zhongkerongyi. Qingdao Zhongkerongyi was owned as to approximately 64.81% and 35.19% by Liu Qinglian (劉慶蓮) and Xu Ye (徐燁), respectively. As of the Latest Practicable Date, Gongqingcheng Zhongkezhucheng had three limited partners with Han Jigeng (韓繼庚) being the largest one, holding approximately 74.16% partnership interest in Gongqingcheng Zhongkezhucheng.

To the best knowledge of the Directors, each of Gongqingcheng Zhongkezhucheng and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

Wuxi Huicuihengyi

Wuxi Huicuihengyi is a limited partnership established in the PRC on December 13, 2022, primarily engaged in venture capital and equity investment, and is managed by its general partner Wuxi Huicuihengyi Private Equity Fund Management Co., Ltd. (無錫惠萃恒益私募基金管理有限公司) ("**Wuxi Huicuihengyi Management**"). Wuxi Huicuihengyi Management was owned as to 80.00% by Wuxi Huicuihengyi Management Consulting Co., Ltd. (無錫惠萃恒益管理諮詢有限公司), which was in turn wholly-owned by Pu Jiong (浦炯). As of the Latest Practicable Date, Wuxi Huicuihengyi had two limited partners with Wuxi Huicuihengyihui New Venture Capital Partnership (Limited Partnership) (無錫惠萃恒益惠新創業投資合夥企業(有限合夥)) ("**Wuxi Huicuihengyihui New VC**") being the largest one holding 79.999% partnership interest in Wuxi Huicuihengyi.

To the best knowledge of the Directors, each of Wuxi Huicuihengyi and its ultimate beneficial owners is an independent third party and has no relationship with any connected persons of the Company or other Pre-[**REDACTED**] Investors.

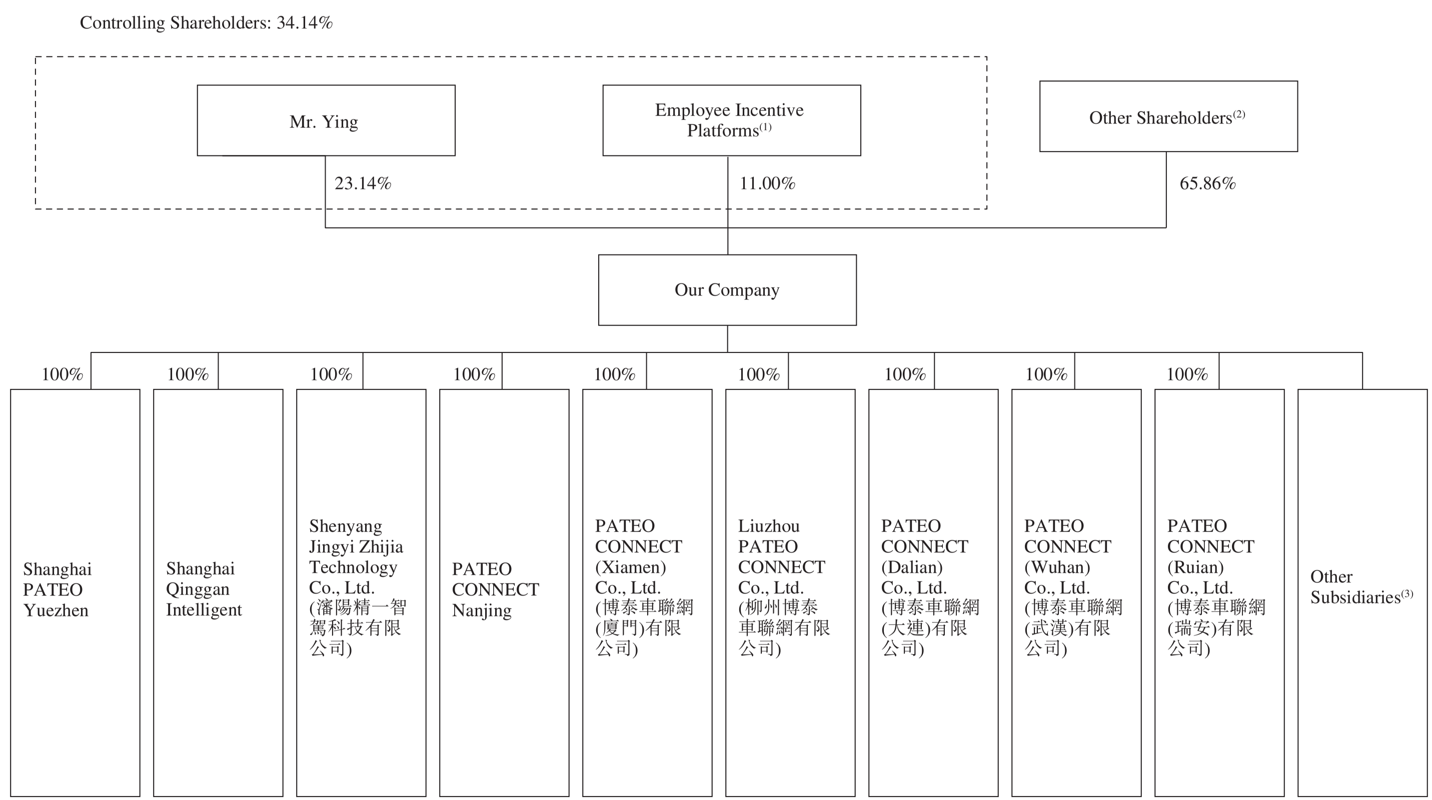
Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled no less than 120 clear days before the [**REDACTED**], and (ii) no effective special rights of the Pre-[**REDACTED**] Investors will exist after the [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

CORPORATE STRUCTURE

Corporate Structure Immediately before Completion of the [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of the Group immediately prior to the completion of the [**REDACTED**] and conversion of the Domestic Shares into H Shares:



(1) Shanghai Rujia, Shanghai Jinlin, Shanghai Chushui, Shanghai Miaolong, Shanghai Yehe, Shanghai Fengwulin and Shanghai Yingzhi were established in the PRC as our employee incentive platforms, which were controlled by Mr. Ying as their respective general partner. For details, see "— Employee Incentive Platforms."

(2) For details on the other investors, see "Summary of Pre-[**REDACTED**] Investments", "Capitalization of the Company" and "Information about our Pre-[**REDACTED**] Investors."

(3) We also have two subsidiaries incorporated outside the PRC and 24 subsidiaries incorporated in the PRC. Details of our non-wholly-owned subsidiaries are set out below.

As of the Latest Practicable Date, the Company held 60.00% equity interest in PATEO Jinhui Aviation Services (Shanghai) Co., Ltd. (博泰金匯航空服務(上海)有限責任公司) and the remaining 40% equity interest was held as to 20% and 20% by Nanjing Suning Automobile Sales & Service Co., Ltd. (南京蘇寧汽車銷售服務有限公司) and Shanghai Jinhui General Aviation Co., Ltd. (上海金匯通用航空股份有限公司), respectively, all of which were independent third parties.

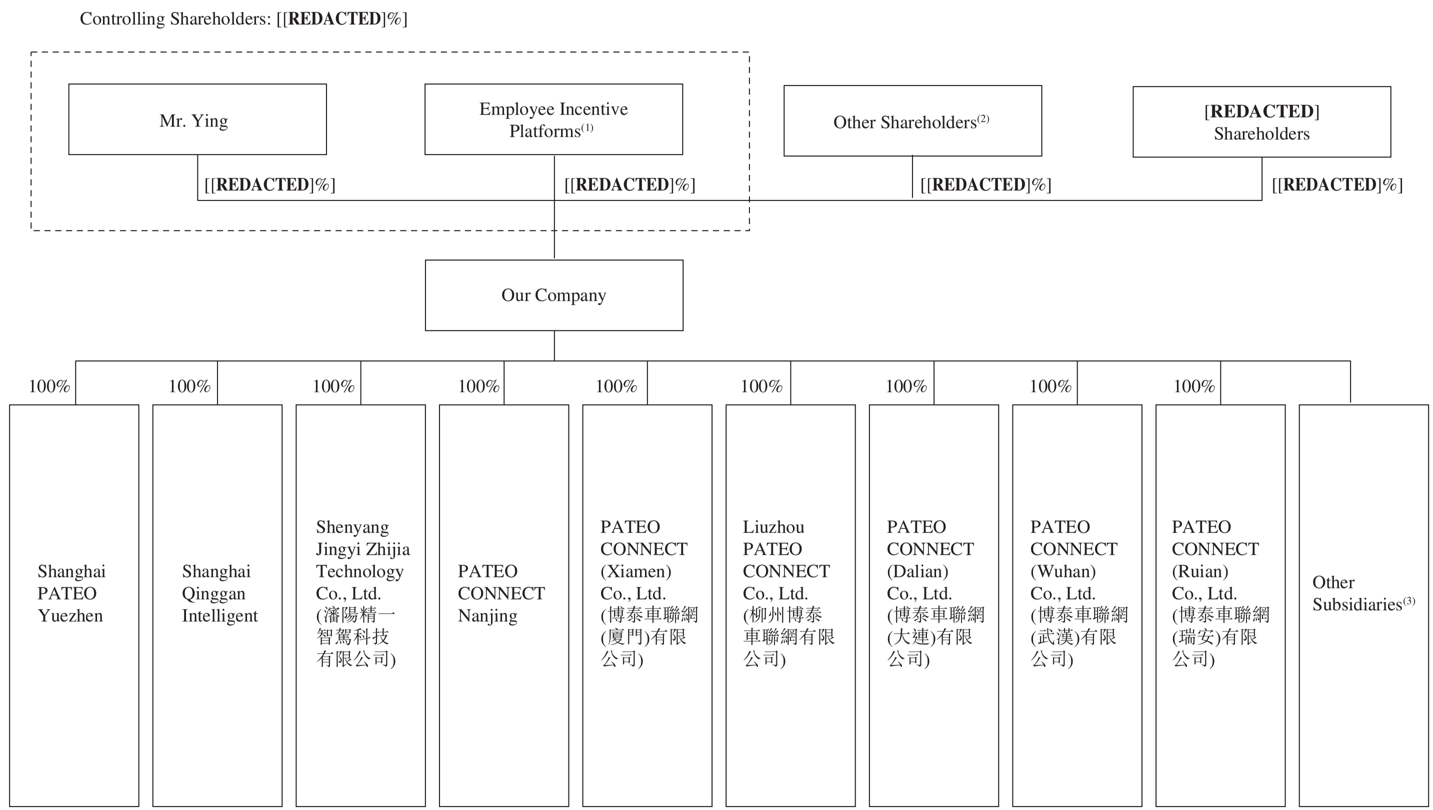
As of the Latest Practicable Date, the Company held approximately 99.96% limited partnership interest in Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (青島信泰銘馳私募股權投資基金合夥企業(有限合夥)). The remaining approximately 0.04% partnership interest was held by its general partner CITIC New Future (Beijing) Investment Management Co., Ltd. (中信新未來(北京)投資管理有限公司), an independent third party.

As of the Latest Practicable Date, the Company held approximately 99.40% limited partnership interest in Huzhou Chuangsheng Chiming Equity Investment Partnership Enterprise (Limited Partnership) (湖州創晟馳銘股權投資合夥企業(有限合夥)). The remaining approximately 0.60% and 0.01% partnership interest were held by its limited partner Zhongkai Zhixin Investment Management (Shenzhen) Co., Ltd. (中凱致信投資管理(深圳)有限公司) and its general partner CITIC New Future (Beijing) Investment Management Co., Ltd., respectively, both being independent third parties.

As of the Latest Practicable Date, the Company held approximately 99.90% limited partnership interest in Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) (北京國創未來能動私募股權投資基金(有限合夥)). The remaining approximately 0.10% partnership interest was held by its general partner Beijing Guochuang Future Private Equity Fund Management Co., Ltd. (北京國創未來私募基金管理有限公司), an independent third party.

Corporate Structure Immediately Following Completion of the [REDACTED]

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately following the completion of the [**REDACTED**] and conversion of the Domestic Shares into H Shares (assuming the [**REDACTED**] is not exercised):



(1)-(3) Please see the details contained in the preceding pages.

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited ("CIC"). We engaged CIC to prepare an independent industry report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sponsors,* [**REDACTED**], [**REDACTED**], [**REDACTED**], *any of the* [**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. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.*

GLOBAL AND CHINA'S PASSENGER VEHICLE MARKET

The global automobile market has exhibited a generally stable growth in the recent years. The sales volume of automobiles reached 95.8 million units globally and 32.2 million units in China in 2024, and is expected to rise to 108.6 million units globally and 38.6 million units in China in 2029. Automobiles are classified into two main categories based on their intended use and design: passenger vehicles and commercial vehicles. Passenger vehicles are designed and manufactured primarily for transporting people rather than goods, and constitute a much larger market than commercial vehicles globally. The global passenger vehicle market has gradually recovered as the global economy rebounds, with the sales volume reaching 77.7 million units in 2024, which is expected to further grow to 87.4 million units in 2029. China has the world's largest passenger vehicle market with a sales volume increasing from 20.8 million units in 2020 to 28.3 million units in 2024, accounting for 36.4% of the global total sales volume in 2024. Driven by the continuous implementation of favourable policies for stabilizing vehicle consumption and promoting vehicle upgrades, as well as the growing acceptance of new energy vehicles in the market, the sales volume of passenger vehicles in China is expected to further grow to 34.3 million units in 2029.

The major players in China's passenger vehicle market include domestic OEMs, foreign OEMs, and foreign joint venture OEMs. In recent years, Chinese automotive brands, namely the brands that are owned and controlled by domestic OEMs, have become a dominant force in China's passenger vehicle market, with a market share in terms of sales volume growing from 35.6% in 2020 to 63.3% in 2024, and expected to grow to 75.0% in 2029. Furthermore, Chinese automotive brands are capturing a larger market share of high-end vehicles in addition to economy models. This shift reflects the strengthened capabilities of Chinese OEMs to meet evolving consumer preferences and the enhanced competitiveness of their offerings.

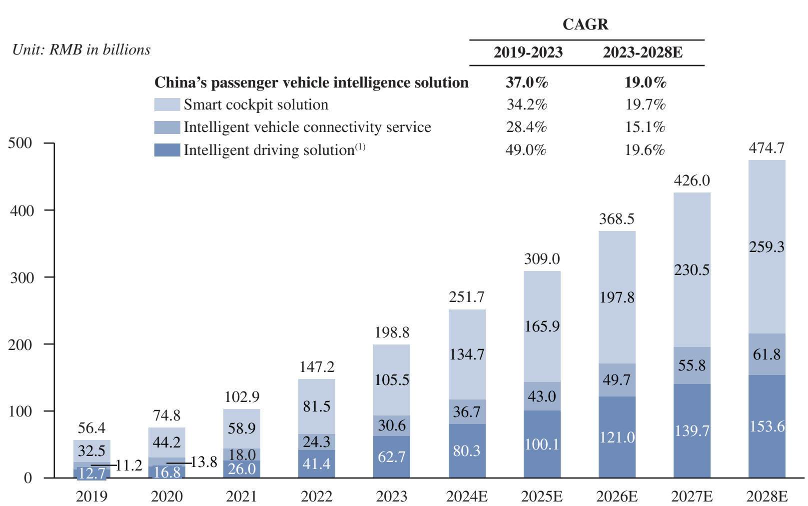
GLOBAL AND CHINA'S AUTOMOTIVE INTELLIGENCE MARKET

Overview of Automotive Intelligence Solution Industry

As technology advances and consumer demands evolve, the integration of intelligence has emerged as a pivotal trend within the automotive industry. The automotive intelligence transformation has been fueled by the convergence of the three main pillars, namely smart cockpits, intelligent vehicle connectivity, and intelligent driving, which are propelling higher safety standards, enhanced driving assistance, and a more comfortable user experience for vehicles. The global automotive intelligence market size achieved RMB666.9 billion in 2023 and is expected to reach RMB1,507.7 billion in 2028, representing a CAGR of 17.7%. The China's automotive intelligence market size was RMB204.1 billion in 2023 and is expected to reach RMB498.1 billion in 2028, representing a CAGR of 19.5%. In particular, the intelligence solutions for passenger vehicles are the largest segment of the global and China's automotive intelligence market, accounting for more than 95% of revenue of both markets in 2023.

Benefitting from the expanding passenger vehicle market, ongoing innovations and upgrades in intelligent vehicle technologies, as well as heightened consumer demands for intelligent vehicle features, and supportive government policies, the development of automotive intelligence for passenger vehicles has accelerated both globally and in China. The global market size of passenger vehicle intelligence solutions was RMB645.0 billion in 2023, and is expected to reach RMB1,422.0 billion in 2028, representing a CAGR of 17.1%. The market size of passenger vehicle intelligence solutions in China reached RMB198.8 billion in 2023, accounting for 30.8% of the global market, and is expected to grow to RMB474.7 billion by 2028, accounting for 33.4% of the global market, and such growth represents a CAGR of 19.0% from 2023 to 2028.

Market Size of China's Passenger Vehicle Intelligence Solution Industry in terms of Revenue, 2019-2028E



Source: China Passenger Cars Association, CIC

Note:

(1) Intelligent driving solution equips vehicles with autonomous driving capabilities, realizing functions of ADAS with Level 1 to Level 2 automation and automated driving system (ADS) with Level 3 to Level 5 automation.

Introduction of Vehicle Electrical/Electronic Architecture (E/E Architecture)

E/E architecture refers to the design and arrangement of electrical and electronic systems, including hardware and software, that control various vehicle functions such as active safety, infotainment, and vehicle control. As vehicles become more electrified and intelligent, the number of Electronic Control Units (ECUs) increases, necessitating a more efficient, simplified, and intelligent E/E architecture. This has led to the adoption of domain-centralized E/E architecture, which consolidates ECUs performing similar functions into specific domains.

Typically, domain-centralized E/E architecture is divided into five functional domains: smart cockpit, intelligent driving, powertrain, chassis, and body. The smart cockpit domain, serving as the primary interface between the driver and the vehicle, is crucial for user interaction and significantly impacts the driving experience. Technological advancements and innovations in the smart cockpit domain are essential for enhancing overall vehicle intelligence.

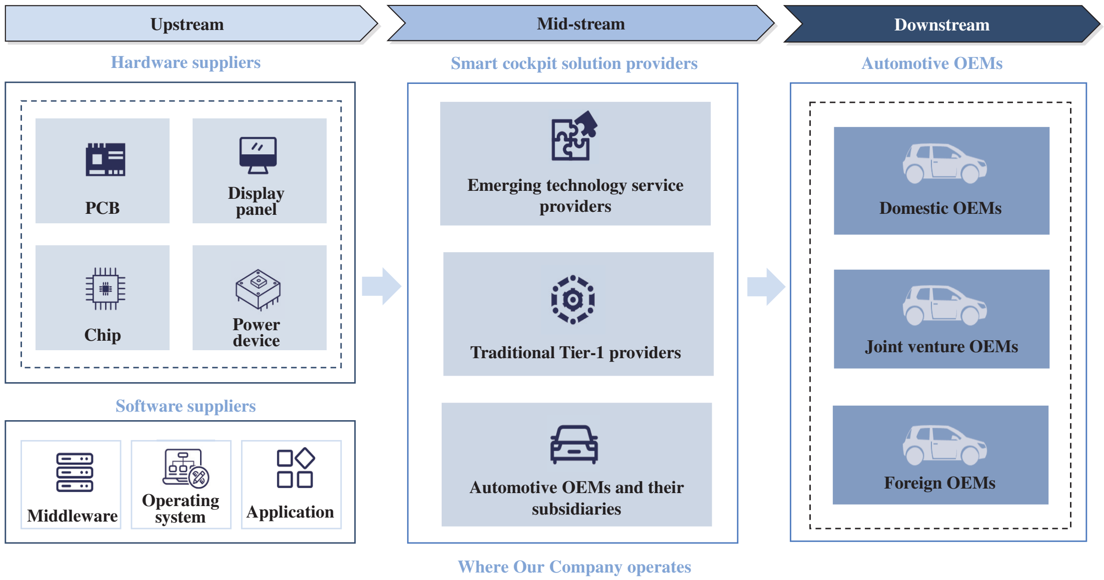
GLOBAL AND CHINA'S PASSENGER VEHICLE SMART COCKPIT SOLUTION MARKET

Overview of Passenger Vehicle Smart Cockpit Solution Industry

Passenger vehicle cockpit solutions can be broadly classified into two categories based on their intelligence level and functionality: the traditional, or "non-smart," cockpit solution and the smart cockpit solution. The traditional cockpit solution, largely mechanical, primarily offers basic vehicle control functions and simple entertainment features which are also relatively static and do not support OTA upgrades. Its hardware and software structures are fairly straightforward, which lack intelligent interaction capabilities, relying on physical buttons and knobs for operation. In contrast, the smart cockpit system can provide more intelligent in-vehicle experience for drivers and passengers, and is a key component of the passenger vehicle intelligence. A smart cockpit solution mainly consists of its core component, the smart cockpit domain controller, and other parts such as in-vehicle displays (including the central information display as well as the co-driver and rear-seat entertainment displays), LCD instrument panel, head-up display (HUD), streaming rearview mirror, and IMS. It also features robust software capabilities including human-machine interaction, telematics services, and full-scenario expansion. These transform the passenger vehicle into an intelligent mobile space, providing drivers and passengers with a comprehensive experience of safety, intelligence, and enjoyment.

The chart below illustrates the value chain of smart cockpit solution industry. Upstream participants mainly consist of suppliers of hardware such as PCB, display panels, as well as chips, and suppliers of software such as middleware, operating systems, and applications. Midstream players primarily include emerging technology companies specializing in smart cockpit solutions and traditional Tier-1 suppliers to OEMs. Downstream participants in the value chain are mainly the OEMs.

Value Chain of China's Passenger Vehicle Smart Cockpit Solution Industry



Source: CIC

The smart cockpit system encompasses a variety of solutions and components, including integrated software-hardware solutions like domain controller solutions, software solutions such as operating systems and automotive applications, and hardware components like streaming rearview mirrors. Integrated software-hardware solutions are essential for the smart cockpit system. The domain controller solution, a key type of these integrated solutions, acts as the brain of the smart cockpit. Utilizing a highly integrated computing platform, it enables centralized management and intelligent control of various in-vehicle functions, such as information interaction, monitoring, and full-scenario connectivity. Its robust data processing and decision-making capabilities ensure efficient operation and high coordination within the smart cockpit system.

OEMs typically prefer to purchase smart cockpit solutions directly from external suppliers, as these suppliers offer distinct advantages tailored to the OEMs' specific requirements:

- ***Expertise***. With extensive industry insights, deep technological expertise, and reliable supply chains, Tier-1 suppliers can swiftly deliver advanced smart cockpit solutions. This capability allows OEMs to accelerate their R&D processes and enhance the intelligence of their vehicle models more efficiently.

- ***Technological Innovation***. Tier-1 suppliers always lead in integrating the latest technological advancements, including AI, intelligent connectivity and human-machine interaction. Collaborating with these suppliers allows OEMs to stay at the cutting edge of technology innovation, catering to diverse and customized user preferences.

- ***Cost Efficiency***. Tier-1 suppliers leverage economies of scale and focused production, offering cost-effective smart cockpit solutions to OEMs. This advantage helps OEMs reduce internal R&D expenses by procuring completely ready-to-use solutions from external partners.

In recent years, while more OEMs have made attempts to develop smart cockpit solutions with higher computing power and sophisticated human-machine interaction capabilities, many face challenges due to high technical barriers, long R&D cycles, significant investments and rapid pace of technological iteration. As a result, OEMs are increasingly relying on Tier-1 suppliers. Only a limited number of OEMs have the capability to independently develop smart cockpits, and even fewer can achieve comprehensive development of both software and hardware. Typically, OEMs focus on developing software in-house while outsourcing hardware manufacturing to specialized suppliers. The main challenges faced by OEMs in the R&D of smart cockpits include:

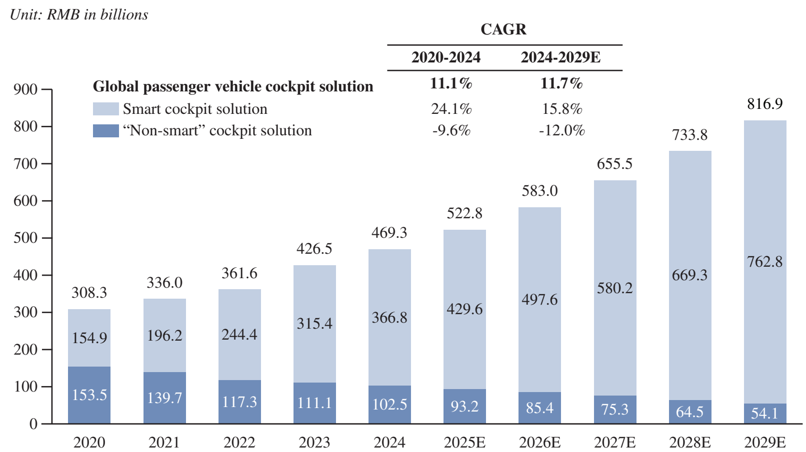
- ***High Initial Investment***. Developing smart cockpits independently requires a substantial initial R&D investment, due to the high technical barriers. Accumulating the necessary expertise and resources is challenging, resulting in unstable and extended product development cycles.

- ***Pressure of Technological Iteration***. The fast-paced evolution of market demands requires rapid iteration of smart cockpit technologies. OEMs pursuing independent development face significant pressure to keep up with these technological upgrades and innovations. Compared to specialized external suppliers, OEMs lack the cutting-edge R&D experience required to stay ahead in this rapidly evolving field.

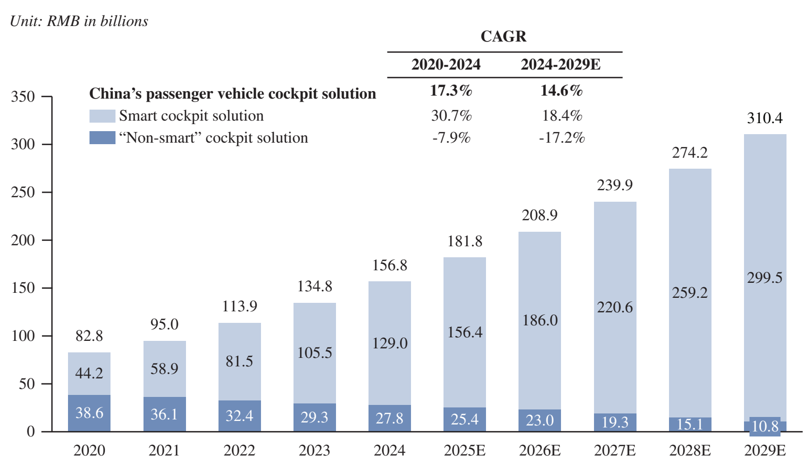
Global and China's Market Size of Passenger Vehicle Smart Cockpit Solutions

The cockpit system is a key component of a passenger vehicle. The global market size of passenger vehicle cockpit solution industry reached RMB469.3 billion in 2024, and is projected to grow to RMB816.9 billion in 2029, representing a CAGR of 11.7% during the period. In addition, the market size of passenger vehicle cockpit solution industry in China reached RMB156.8 billion in 2024, and is projected to grow to RMB310.4 billion in 2029, representing a CAGR of 14.6% during the period.

Market Size of Global Passenger Vehicle Cockpit Solution Industry, in Terms of Revenue, 2020-2029E



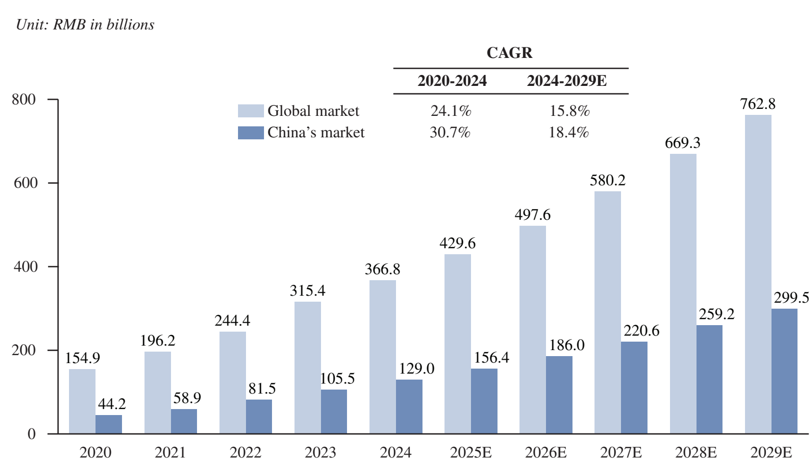
Market Size of China's Passenger Vehicle Cockpit Solution Industry, in Terms of Revenue, 2020-2029E



Source: China Passenger Cars Association, CIC

As for the different segments of passenger vehicle cockpit solution industry, driven by the increasing adoption of advanced technologies, automation and connectivity features in passenger vehicles, the traditional cockpit solution has been rapidly replaced by the smart cockpit solution. As a result, the market size of traditional cockpit solution for passenger vehicles has decreased year by year, while the market of smart cockpit solutions for passenger vehicle has been growing rapidly. The global market size of passenger vehicle smart cockpit solutions grew from RMB154.9 billion in 2020 to RMB366.8 billion in 2024, representing a CAGR of 24.1%, and is expected to reach RMB762.8 billion in 2029, representing a CAGR of 15.8%. In terms of revenue, the penetration rate of global smart cockpit solution has increased from 50.2% in 2020 to 78.2% in 2024, and is expected to reach 93.4% in 2029. China is the world's largest passenger vehicle market. Chinese OEMs actively incorporate the latest intelligent technologies to provide drivers and passengers with superior in-vehicle experience. This fosters the development of smart cockpit solutions in China, making China the largest passenger vehicle smart cockpit solution market in the world. The market size of China's passenger vehicle smart cockpit solutions grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%. As Chinese consumers' demand for intelligent, connected, and immersive driving experience continues to grow, China's passenger vehicle smart cockpit solution market is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029. In terms of revenue, the penetration rate of China's smart cockpit solution has increased from 53.4% in 2020 to 82.3% in 2024, and is expected to reach 96.5% in 2029.

Market Size of Global and China's Smart Cockpit Solution Industry for Passenger Vehicle, in Terms of Revenue, 2020-2029E



Source: China Passenger Cars Association, CIC

Key Drivers of Global and China's Passenger Vehicle Smart Cockpit Solution Industry

The industry of passenger vehicle smart cockpit solutions globally and in China has significant growth potential driven by a number of factors:

- *Evolving consumer demands for better driving experience and personalization.* From the consumers' perspective, passenger vehicles have been gradually transitioning from mere transportation tools to becoming an intelligent mobile space, with more emphasis on providing better experience and personalization. According to the "Insight into China's NEV Consumption in 2023" released by AutoHome Research Institute, intelligence has become an important factor in vehicle purchasing decisions, as evidenced by over 80% of automotive consumers having considered buying intelligent vehicles in 2023. The consumer demand of passenger vehicle for user experience and personalization drives the further adoption of smart cockpits on passenger vehicles.

- *OEM's accelerating deployment of automotive intelligence.* By introducing technologies such as artificial intelligence, big data, and the IoT, OEMs are now able to develop more innovative and differentiated products to improve their brand competitiveness. The continual iteration of algorithms has enabled smart cockpits to build a strong software ecosystem with rich applications, continuously optimize the automatic upgrading, as well as enhance the human-machine interaction experience and perception of user needs utilizing multimodal interactions such as voice and touch. Thus, OEMs continue to increase R&D investment in intelligent technologies to address the growing consumer needs, driving the accelerated development of the smart cockpit industry.

- *Constant innovation of software and hardware technology.* Upgrades in software and hardware provide automotive consumers with a more intelligent, convenient, and comfortable driving experience. For example, automotive-grade SoC chips with high performance and compatibility can process multiple parallel tasks faster and more accurately, run complex algorithms, enable high-resolution displays, achieve more intelligent functions, and improve energy efficiency. These advancements are crucial for the evolution of smart cockpit solutions. Moreover, the software architecture is undergoing an upgrade to a SOA, a more flexible and scalable architecture for intelligent vehicle software systems, which enables more efficient updates and upgrades. Thanks to the continual improvements in software and hardware technologies, smart cockpits are increasingly incorporating sophisticated and high-value features. Consequently, the price of smart cockpit solution per vehicle in China is expected to rise from approximately RMB4,560 in 2024 to approximately RMB8,726 in 2029.

- *Supportive policies and regulations.* Many countries around the world have made automotive intelligence an important strategic direction for the transformation and upgrading of the automotive industry, where smart cockpits play a significant part. For example, the implementation of the European Union General Safety Regulations has greatly driven the demand for passenger vehicles equipped with smart cockpits. In China, certain governmental authorities have also adopted a series of policies, including the Strategy for Innovative Development of Intelligent Vehicles (《智慧汽車創新發展戰略》) and Implementation Opinions on Enhancing Reliability in Manufacturing (《製造業可靠性提升實施意見》), with a view to creating a favorable environment for the development of the smart cockpit solution industry.

- o Several key Chinese government departments, including the National Development and Reform Commission, Cyberspace Administration of China, Ministry of Science and Technology, and Ministry of Industry and Information Technology, have jointly promulgated the Strategy for Innovative Development of Intelligent Vehicles (《智慧汽車創新發展戰略》), or the Strategy. The Strategy encourages local governments to implement customized policies and measures to effectively promote the innovation and development of intelligent vehicles. It highlights the need for advancing key technologies, such as integrated perception of multi-source sensor data, advanced intelligent terminals, intelligent computing platforms, and automotive wireless communication networks. Local governments are urged to introduce supportive policies and diversify funding channels to drive research and development in these areas and in major engineering projects. As an industry pivoting around these technologies, the Strategy is expected to create a favorable policy environment and financial support for the smart cockpit industry, helping to reduce overall costs, accelerate technological innovation, and drive the commercialization of intelligent cockpit technologies. Additionally, the Strategy promotes the establishment of legal and regulatory frameworks to govern the testing, approval, usage and supervision of intelligent automobiles. It calls for functionality, reliability and safety certifications for key software and hardware components, with certification standards and guidelines tailored to different levels of intelligent vehicles. This is expected to set clear regulatory guidelines and technical standards for the smart cockpit industry, thereby enhancing product safety and reliability, bolstering consumer confidence and driving the innovation and application of smart cockpit technologies.

- o The Ministry of Industry and Information Technology, Ministry of Education, Ministry of Science and Technology, Ministry of Finance, and State Administration for Market Regulation have jointly promulgated the Implementation Opinions on Enhancing Reliability in Manufacturing (《製造業可靠性提升實施意見》), or the Implementation Opinion. This opinion aims to guide local departments and industry institutions in raising reliability standards in manufacturing, across machinery, electronics, and automobiles sectors. Local authorities are encouraged to establish foundational reliability standards that cover general requirements, management, design, analysis, testing, evaluation and maintenance support throughout manufacturing process, and integrate reliability indicators into mandatory standards. Furthermore, the Implementation Opinion offers tax deductions for research, product design and pilot testing, reducing financial burden on companies operating in smart cockpit industry. These measures are designed to incentivize innovation investment and drive technological advancements within the smart cockpit industry, ensuring the components and systems of smart cockpits meet higher quality standards throughout design, manufacturing and operation.

Trend of Global and China's Passenger Vehicle Smart Cockpit Solution Industry

The following are the recent trends in global and China's passenger vehicle smart cockpit solution industry:

- *Development towards intelligent and high-end evolution driven by customer needs*. Driven by evolving consumer preferences for better driving experience, OEMs around the world strive for high-quality passenger vehicle smart cockpit solutions. In China, domestic OEMs lead this trend and employ flexible R&D and production mechanisms to accelerate innovation and launch of new products with superior user experience, requiring smart cockpit solution suppliers to speed up development of novel solutions. Collaboration between smart cockpit solution providers and Chinese automotive brands can foster robust technological synergy and enhance the overall competitiveness of their passenger vehicles. Furthermore, the trend towards high-end passenger vehicle products led by these domestic OEMs is catalyzing the upgrading of hardware and software in smart cockpit solutions, continuously enhancing the driving experience of automotive consumers.

- *OEMs' preference in providers with comprehensive capabilities*. OEMs tend to collaborate with smart cockpit solution providers that possess comprehensive technology capabilities integrating software, hardware and intelligent vehicle connectivity. Such smart cockpit solution providers can meet OEMs' diverse customization needs for components, thereby reducing the communication and management costs associated with procuring parts from multiple suppliers. Providers with strong software capabilities in algorithms, modules, and intelligent vehicle connectivity can integrate multiple functions and process data in real time. When combined with hardware design and manufacturing capabilities, these providers can continuously enhance the intelligence level of smart cockpit solutions. In China, only a few providers possess comprehensive technology capabilities, affording them a significant competitive edge in the industry.

- *Rising penetration rate of smart cockpit solutions*. The penetration rate of smart cockpit solutions is expected to continue increasing in various regions worldwide. In China, the rapid development of intelligent technologies, the transformation of consumer demands, and the introduction of supportive policies have led to the accelerated rise in the penetration rate of smart cockpit solutions. For example, domain controller solutions, an essential component of smart cockpits, have seen their penetration rate in passenger vehicles in China grew from 13.7% in 2020 to 44.1% in 2024, which is expected to reach over 90% by 2029, according to CIC.

- *Increasing industry concentration*. As the leading OEMs continue to increase their competitiveness, the passenger vehicle market in China is expected to become more concentrated. The market share in terms of sales volume of the top five OEMs in China increased from 33.4% in 2021 to 41.5% in 2024. These OEMs prefer to collaborate with top-tier smart cockpit solution providers to share R&D resources and optimize cost-effectiveness. Therefore, the top-tier smart cockpit solution providers who have a solid collaboration with leading OEMs will enjoy more business growth opportunities. In addition, these top-tier smart cockpits typically have comprehensive capabilities, significant technological accumulation, and production scale effect, which enable them to gain a larger market share, driving the concentration in the smart cockpit solution industry.

- *Accelerating overseas expansion of Chinese smart cockpit solution providers.* Chinese OEMs and other companies throughout the automotive industry value chain are accelerating their expansion into overseas markets. This thus expedites Chinese smart cockpit solution providers to enter international markets. Additionally, international OEMs have a growing demand for advanced smart cockpit technologies which drives more collaboration among these OEMs and top-tier Chinese smart cockpit solution providers.

- *Multimodal human-machine interaction driven by AI large model technology.* Artificial intelligence large models possess robust data processing, semantic understanding and perception capabilities, promoting the development of human-machine interface in smart cockpits. By combining novel large model technology, a smart cockpit system can better cater to preferences of users and realize richer multimodal interaction functions which incorporate voice commands, gesture recognition, eye tracking, and natural language processing to provide a seamless and intuitive user experience. The smart cockpit system with advanced multi-modal interaction functions actively provide precise feedback and actions through multi-modal information perception combined with environmental conditions and user habit learning, further enhancing the user experience of the smart cockpit system, the perception and decision-making ability of autonomous driving as well as the intelligent service level of the vehicle connectivity platform for passenger vehicles.

- *Iteration of domain controllers towards higher integration.* Automotive domain controllers are expected to achieve multi-domain fusion and further improve the integration of domain control to be responsible for the vehicle's perception, decision-making, execution, and control, enabling seamless synergy among various systems including vehicle control, driving, and cockpit.

In the recent years, several nations and regions have levied tariffs on Chinese battery electric vehicles (the "BEVs"). The European Union has agreed to impose high anti-subsidy tariffs on Chinese-made BEVs for five years, with additional rates reaching up to 35.3% on top of the existing 10% tariff, varying by OEMs. Both Chinese OEMs and foreign OEMs producing in China will be impacted. In the United States, an additional 100% tariff was imposed on Chinese-imported BEVs since September 27, 2024, resulting in a total tariff of 102.5% without a defined expiration date. Canada implemented a similar tariff policy on October 1, 2024, with a total tariff rate of 106.1%. These tariffs are expected to primarily impact OEMs by increasing export costs and reducing sales volumes for OEMs.

However, for the smart cockpit solutions industry, which operates upstream of OEMs, these tariffs on NEVs are unlikely to have a significant impact on smart cockpit solution industry, for the following reasons:

- ***Subject of the tariffs imposed***. Smart cockpit solution providers serve as one of the upstream suppliers of automotive industry, and there is no tariff imposed on smart cockpit solutions or products. Therefore, the tariffs on Chinese new electric vehicles are not expected to have a direct and immediate impact on smart cockpit solution industry.

- ***Application scenarios***. Smart cockpit solutions can be integrated into vehicles of all energy types, not solely NEVs. In addition, the overall automotive industry is transforming towards intelligence and connectivity, which is expected to further drive the demand for smart cockpit solutions and the adoption of higher-value smart cockpit solutions.

- ***Technological innovation and product upgrades***. The smart cockpit system serves as a pivotal interface for users to experience vehicle intelligence, and it is one of key factors in strengthening the competitiveness of vehicles. Chinese OEMs are expected to adopt smart cockpits solutions with improved functionalities and user experience to increase the appeal of their vehicle models in overseas markets, thereby offsetting the impact of higher tariffs on product competitiveness. This dynamic is anticipated to promote technological innovation and product upgrades within the smart cockpit solution industry, ultimately fostering the development of the industry.

- ***Limited contribution of NEV exports***. According to the China Passenger Car Association (the "CPCA"), China's NEV export volume reached 1.95 million units in 2024, representing only 6.9% of China's passenger vehicle sales volume. Given this relatively small portion, tariffs imposed on NEVs are not expected to significantly impact on China's automobile industry and smart cockpit solution industry.

- ***Tariff scope***. The recently imposed tariffs by the U.S. and E.U. specifically target NEVs produced by Chinese OEMs. According to the CPCA, China's exports of NEVs to the European market in 2024 accounted for approximately 26.3% of China's automobile exports to Europe. Similarly, exports of NEVs made up approximately 27.7% of China's automobile exports to the U.S. during the same periods. Given that NEV exports only account for a relatively small portion of automotive exports to both markets, the tariffs targeting only NEVs are unlikely to have a significant impact on China's entire automobile industry. Furthermore, China's OEMs have implemented strategic measures such as setting up manufacturing facilities overseas to counteract the tariffs' impact. These initiatives are expected to further mitigate the impact of tariffs on Chinese vehicles.

- ***Emerging Southeast Asian markets***. In the recent years, Southeast Asia has provided strong support for China's NEV OEMs through favourable policies. Additionally, the region has seen significant growth in purchasing power of consumers and rapid expansion of NEV sector. Consequently, NEV export volume from China to Southeast Asia increased from 74.0 thousand units in 2023 to 114.0 thousand units in 2024, representing a growth rate of 54.1%. As a result, Southeast Asia became an emerging market for China's OEMs, complementing the U.S. and E.U, markets. Therefore, it is expected that rapid development of Southeast Asian NEVs market would create strong demands for smart cockpit solutions, driving the continuous advancement and development of China's smart cockpit solution industry.

In conclusion, tariffs recently imposed on China's NEVs will not have material and adverse effects on China's automobile industry and smart cockpit solution industry.

Entry Barriers and Key Success Factors in China's Passenger Vehicle Smart Cockpit Solution Industry

The success of companies operating in China's passenger vehicle smart cockpit solution industry depends on the following key factors:

- *Comprehensive technology capabilities across software, hardware and cloud-based telematics services.* Development of smart cockpit solutions necessitates deep technical expertise of the providers in multiple areas such as smart cockpit system software algorithms, domain controllers, and sensors. Integrated smart cockpit solutions require providers to possess not only strong hardware design and manufacturing capabilities but also robust software development and cloud-based telematics service abilities. Such integrated solutions also put forward higher requirements for the stability, reliability and security of the system. Solution providers with strong technology capabilities, solid R&D and innovation capacity, and in-depth understanding and experience in the industry can successfully develop high-performance, high-reliability integrated smart cockpit solutions.

- *Long-term collaboration with top-tier customers and partners.* OEMs have stringent entry requirements for smart cockpit solution providers with lengthy and complex validation processes, and they generally do not easily switch their cockpit suppliers during the lifecycle of a vehicle model, which usually ranges from two to five years. The smart cockpit solution providers that have long-term and stable partnerships with top-tier OEMs can achieve mass production across multiple vehicle models and obtain the opportunity to participate in joint system development. Recognition of these providers' technical strength by OEMs during the collaboration process ensures their continuous and stable development. OEMs provide valuable market feedback and customer demand information to these smart cockpit solution providers, helping them optimize their product design to better satisfy market needs. In addition, the smart cockpit solution provider's cooperation with strategic partners along the value chain of the automotive industry, such as on technology and resources, enables the collaborating parties to better utilize their resources to expand the market and enhance automotive consumers' driving experience.

- *Ability to develop platforms for high-computing power chips.* Self-built proprietary high-computing power chip platforms are a crucial trend in the smart cockpit solution industry. Smart cockpit chip platforms must meet the automotive industry's rigorous requirements for reliability, durability, and real-time performance. The ability to develop high-performance chip platforms enables solution providers to better develop and utilize chips, harnessing the high computing power to adapt and support various smart cockpit functions. High-computing power chip platforms can also improve the flexibility of product development and realize complex human-machine interaction, further enhancing product competitiveness.

- *Large-scale production and supply chain management capabilities.* Smart cockpit systems involve a large number of hardware devices, including screens, sensors, and electronic control units, which require a high degree of integration and standardization. Mass production can reduce production costs and increase production efficiency, thereby increasing the market competitiveness of the smart cockpit products. Moreover, smart cockpit solution providers need to establish close partnerships with suppliers to ensure stable supply and quality control of components.

Competitive Landscape of China's Passenger Vehicle Smart Cockpit Solution Industry

There are hundreds of market players in China's passenger vehicle smart cockpit solution industry, and the competitive landscape is relatively fragmented, with the top five providers taking up an aggregated market share of 32.8% in terms of revenue in 2024. The revenue from our passenger vehicle smart cockpit solution segment amounted to RMB2,441 million, ranking 11th in the industry, and accounted for 1.9% of the total market in terms of revenue in 2024.

The passenger vehicle smart cockpit solution industry consists of three types of suppliers based on the solution types offered: software-hardware integrated solution suppliers, software component suppliers and hardware component suppliers. The software-hardware integrated solution suppliers refer to those who possess the capability to integrate both software and hardware components to offer a comprehensive smart cockpit solution, that are designed to meet the OEMs' expectations for seamless integration of smart cockpit systems. With the evolving demands of the automotive industry and the increasing adoption of smart cockpit solutions, software-hardware integrated smart cockpit solutions are becoming increasingly popular for passenger vehicle. According to CIC, the software-hardware integrated offering has emerged as one of the mainstream delivery methods for solution providers to the OEMs in China, with a market size of approximately RMB77.9 billion, accounting for 60.4% of the total China's smart cockpit solution market size, in terms of revenue in 2024.

Software-hardware integrated smart cockpit solution suppliers have proven to be more competitive due to several key advantages they provide to automotive OEMs:

(i) Cost optimization: Software-hardware integrated solutions from a single supplier are more cost-effective compared to traditional model of sourcing software and hardware components separately. By combining both components into a single package, OEMs can streamline procurement processes and reduce complexities and expenses involved in managing multiple suppliers. It also helps OEMs avoid compatibility issues that often arise when software and hardware components are sourced separately, further minimizing unexpected costs related to system integration and troubleshooting.

(ii) Shortened product R&D cycle: Integrating software and hardware into a single solution significantly accelerates the R&D progress by reducing the time needed for communication and coordination with software and hardware components suppliers separately. This streamlined development process allows OEMs to bring new products to market more quickly, enabling them to adapt to evolving market demands faster while maintaining high-quality standards.

(iii) Improved system performance: Seamlessly integrated software and hardware components enhance the efficiency and performance of the smart cockpit system. With both components designed to work in harmony, software-hardware integrated solutions offer optimized efficiency, faster response times and improved system stability, delivering a smoother and more reliable user experience.

Meanwhile, as the Chinese OEMs have emerged as key customers for smart cockpit solution providers, the market size of China's software-hardware integrated smart cockpit solutions installed on passenger vehicles manufactured by Chinese OEMs reached approximately RMB50.6 billion, accounting for 39.2% of the total China's smart cockpit solution market size, in terms of revenue in 2024.

China was the world's largest NEV market and the world's largest manufacturing country of NEVs, with a sales volume of 12.6 million in 2024, and the penetration rate of NEVs has grown from 5.8% in 2020 to 44.4% in 2024 and is expected to be 82.0% in 2029. The rising adoption of NEVs in China also contributes to rising automotive intelligence in the country. Compared to ICEs with relatively more complex structures, NEVs have a quicker evolution towards intelligence in vehicle structure, power systems and control systems. As a result, China's NEV market is a very important application segment for smart cockpit domain controller solutions.

The competitive landscape of China's smart cockpit domain controller solution industry for NEVs is relatively concentrated, with the top five providers taking up an aggregated market share of 47.5% in terms of shipment volume of smart cockpit domain controllers for NEVs in 2024, and the corresponding shipment volume of the Company amounted to 706.3 thousand, ranking second in the industry, and accounted for 11.9% of the total market in terms of shipment volume of smart cockpit domain controllers for NEVs in 2024.

Top five providers(1) of smart cockpit domain controller solutions for NEVs(2) in China, in terms of shipment volume(3), 2024

Ranking	Smart Cockpit Domain Controller Solution Provider	Shipment volume (thousand)	Market share, 2024
1	Company A	~1,350	22.8%
2	**Our Company**	**706.3**	**11.9%**
3	Company B	~280	4.7%
4	Company C	~250	4.2%
5	Company D	~230	3.9%
	Total	**2,816.3**	**47.5%**

Source: CIC

Notes:

(1) Exclude the pure manufacturing service providers and providers without their own factories.

(2) Only include the new energy passenger vehicles produced in China in 2024.

(3) According to CIC, it is a common practice in the smart cockpit industry and the automotive industry to use product shipment volume in units as an indicator to evaluate, compare and rank the market positions of smart cockpit product providers. The number of shipment volume usually reflects the acceptance and popularity of smart cockpit provider's products and further implies the product performance and quality of a certain provider, according to the same source.

Company A: A company founded in 1986 and listed on the Shenzhen Stock Exchange, primarily engaged in smart cockpit, intelligent driving, and intelligent connectivity services, and offering comprehensive smart cockpit solutions, including domain controller unit and information interaction systems.

Company B: A non-listed company founded in 2014, with a focus on developing vehicle domain controllers, intelligent connectivity software, and operational service products.

Company C: A company founded in 2017 and listed on NASDAQ, primarily engaged in core software and hardware solutions for vehicle connectivity, automation and electric mobility.

Company D: A company founded in 1958 and listed on the Korea Stock Exchange, primarily engaged in the field of vehicle mobility, home appliance & air solution and home entertainment, among others.

Main Materials for Passenger Vehicle Smart Cockpit Solution

The main raw materials for passenger vehicle smart cockpit solutions in China include chips, display panels and communication modules. Notably, chips are one of the most important raw materials, with their costs accounting for 20% to 35% of the overall cost of smart cockpit domain controllers. Specifically, chips can be applied in various in-vehicle modules and systems including vehicle control modules, in-vehicle infotainment, integrated control systems for power transmission and active-safety systems. Designed to meet the requirements of the automotive industry, such as operating temperature range, extended lifespan, and advanced reliability, chips are capable of achieving various rigorous functional requirements.

Based on the application areas within a vehicle, automotive-grade chips can be divided into several categories, including chips for smart cockpit solutions, chips for intelligent driving solutions, vehicle control and safety chips, and communication chips, among others. Chips for smart cockpit solutions are responsible for processing and controlling various sensors, actuators, screens, and other devices within the cockpit. SoC (System-on-Chip) modules, the mainstream form of chips for smart cockpit solutions, are responsible for integrating most or all components of a cockpit. These SoC modules are able to streamline the integration of functions within the smart cockpit, which help enhance performance and efficiency, and support connectivity and security needs of drivers and passengers.

At present, the global automotive chip market is dominated by giant companies in the U.S., Europe, Japan and other regions. The table below sets forth a summary of top five SoC module suppliers for smart cockpit solution in China and their backgrounds:

Ranking of top five SoC module suppliers for smart cockpit solution in China, in terms of sales volume of vehicles, 2024

No.	Chips supplier	Background	Market share(1), 2024
1	Chip Supplier A	A listed company primarily engaging in the design and development of wireless telecommunication products and services, and offering integrated circuits and system software for mobile devices and other wireless products, which is founded in 1985 and headquartered in the U.S.	~68%
2	Chip Supplier B	A listed company primarily engaging in semiconductor products for the data center, embedded, gaming and PC markets, which is founded in 1969 and headquartered in the U.S.	~11%
3	Chip Supplier C	A listed company primarily engaging in the research, development, design, manufacture, sales, and services of semiconductor products in automotive, healthcare, computer peripheral, connectivity, home appliance, and industrial end markets, which was founded in 2002 and headquartered in Japan.	~8%

No.	Chips supplier	Background	Market share[(1)], 2024
4	Chip Supplier D	A non-listed company primarily engaging in providing information and communications technology (ICT) infrastructure and smart devices, which was founded in 1987 and headquartered in China.	~4%
5	Chip Supplier E	A listed company primarily engaging in manufacturing and sales of smartphones, semiconductor chips, printers, home appliances, medical equipment, and telecom network equipment, which was founded in 1969 and headquartered in Korea.	~3%

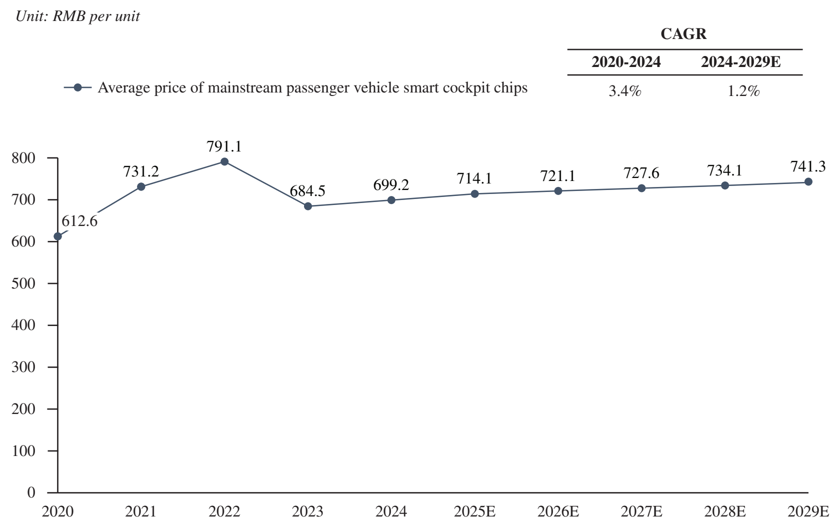
Source: CIC

Note:

(1) Calculated by the sales volume of vehicles equipped with respective supplier's SoC module for smart cockpit solution in China by the total sales volume of vehicles equipped with SoC module for smart cockpit solution in China in 2024.

However, since the outbreak of the COVID-19 pandemic at the beginning of 2020, insufficient production of automotive-grade chips had caused a global chip shortage starting in late 2020. Simultaneously, concerns about geopolitical factors and supply chain stability prompted companies within the Chinese automotive industry to begin stockpiling, further exacerbating the chip shortage and leading to a sharp increase of chip prices in both 2021 and 2022 in China. Since 2023, chip supply has stabilized and prices have returned to normal levels. In 2024, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions in China reached RMB699.2 per unit. Advancements by domestic chip manufacturers in technology and production capacity are expected to enhance localization of chips, reducing the shortage risks and stabilizing prices. Moreover, with the upgrade and iteration of the chips, and the increasing market demand for chips with higher performance and higher computing power, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions in China is expected to moderately increase with a CAGR of 1.2% from 2024 to 2029.

Average Price of Mainstream Passenger Vehicle Smart Cockpit Chips in China, 2020-2029E



Source: Annual Reports of listed companies, CIC

GLOBAL AND CHINA'S INTELLIGENT VEHICLE CONNECTIVITY INDUSTRY

Overview

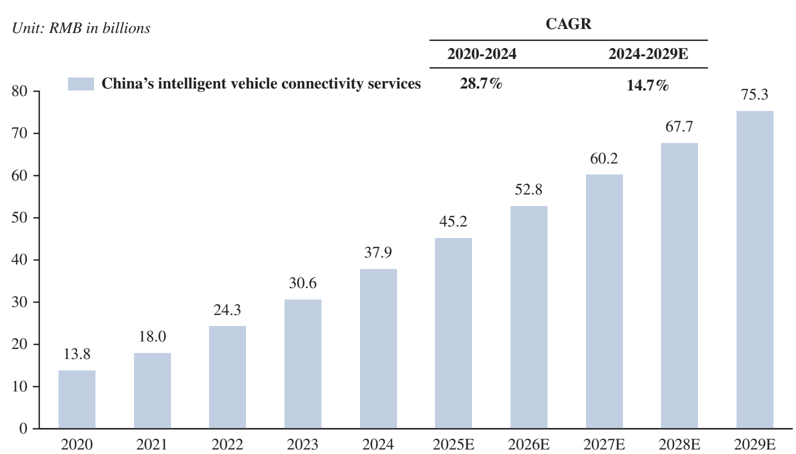
The intelligent vehicle connectivity technology harnesses the power of the internet and advanced communication systems to connect vehicles with other vehicles, pedestrians, infrastructure, cloud platforms, and various other networks and devices. This enables vehicles to engage in real-time data exchange, information sharing, remote control and monitoring, and enhanced functionality within the vehicle and between the vehicle and its surroundings. By facilitating seamless connectivity and coordination, intelligent vehicle connectivity technology contributes to enhancing traffic efficiency and safety on the roads.

Intelligent vehicle connectivity services serve as a crucial application of intelligent vehicle connectivity technologies. These services primarily encompass, among others, R&D and maintenance services for vehicle connectivity platforms and systems, and user engagement optimization services enhancing car owner engagement to vehicle connectivity functions. User engagement optimization services, in particular, include a variety of customer-focused activities, such as user support, vehicle owner relationship management services and application ecosystem management services, which are designed to enhance the interaction and engagement between automotive brands and their customers. These services can help OEMs bolster their core competitiveness and achieve sustainable success.

Global and China's Market Size of Intelligent Vehicle Connectivity Industry

As intelligent technology and the internet continue to converge, the connection between vehicles and the internet is becoming increasingly close, leading to a surge in innovative services and the thriving development of the intelligent vehicle connectivity industry. The global market size for the intelligent vehicle connectivity industry grew from RMB49.9 billion in 2020 to RMB107.3 billion in 2024, representing a CAGR of 21.1%, and is expected to further increase to RMB200.7 billion in 2029, representing a CAGR of 13.3%. Driven by intelligent transportation systems, data-driven economy, and policy support, the market size of China's intelligent vehicle connectivity industry increased from RMB13.8 billion in 2020 to RMB37.9 billion in 2024, representing a CAGR of 28.7% from 2020 to 2024, and expected to reach RMB75.3 billion by 2029, representing a CAGR of 14.7% from 2024 to 2029. China's intelligent vehicle connectivity market, as percentage of the global market, increased from 27.7% in 2020 to 35.4% in 2024 and is expected to reach 37.5% in 2029. Under the trend of ecosystem construction and cross-industry integration, the intelligent connectivity industry continues to expand application scenarios and comprehensively enhance the user experience, leading to rapid growing customer demand for intelligent vehicle connectivity services.

Market Size of China's Intelligent Vehicle Connectivity Industry, in terms of Revenue, 2020-2029E



Source: China Passenger Cars Association, CIC

Key Drivers of Global and China's Intelligent Vehicle Connectivity Industry

The global and China's intelligent vehicle connectivity industry is poised for expansion, fueled by several key factors:

- *Development of intelligent transportation systems.* Intelligent transportation systems that employ advanced information and communication technologies enable vehicles to obtain real-time information on traffic and road conditions, offer different mobility solutions, and optimize the utilization of transportation resources. As the development of intelligent transportation systems progresses, OEMs and telematics technology providers integrate intelligent vehicle technologies into a broader transportation ecosystem, driving the rapid growth of the intelligent vehicle connectivity industry.

- *Increasing demand for safety and in-vehicle infotainment.* Consumers are placing greater emphasis on driving safety. Intelligent vehicle connectivity can provide safety assurances such as rescue services, satisfying consumers' needs for a secure driving experience. Also, consumers' demand for diverse in-vehicle infotainment continuously promotes the development of in-vehicle application platforms, accelerating the development of the intelligent vehicle connectivity industry.

- *Supportive governmental policies.* Some Chinese government authorities have jointly released the Guidelines for the Construction of the National Vehicles Connectivity Standard System (2023 Edition) (《國家車聯網產業標準體系建設指南(智慧網聯汽車)(2023版)》), and the Notice on Carrying out Pilot Projects for Access and On-road Operation of Intelligent and Connected Vehicles (《關於開展智慧網聯汽車准入和上路通行試點工作的通知》) to provide guidance on the development of the intelligent vehicle connectivity ecosystem and accelerate the growth of this industry.

Trend of Global and China's Intelligent Vehicle Connectivity Industry

The below sets forth the latest trends in the global and China's intelligent vehicle connectivity industry:

- *OEMs' increasing R&D investments in intelligent vehicle connectivity.* By connecting vehicles with the cloud, OEMs can provide better intelligent services and functions, thereby enhancing the market competitiveness of their vehicle models. Moreover, through intelligent vehicle connectivity services, OEMs can better maintain their user base and introduce value-added services such as software subscriptions and call centers, expanding their profit margins.

- *Accelerating cross-industry collaboration.* With the development of intelligent connected vehicles, automotive industry can integrate with various industries and form a vast ecosystem. OEMs, intelligent vehicle connectivity service providers, software developers, internet companies, and players in other industries are accelerating their involvement in the intelligent vehicle connectivity, collaborating in numerous areas such as technology sharing, data exchange, and standard formulation, promoting industry innovation and progress.

- *More intelligent and automated operation models*. Key technologies applied in intelligent vehicle connectivity, such as big data intelligent analysis and visualization, enable real-time processing and efficient analysis of massive data, providing strong data support for decision-makers of OEMs. Additionally, combined with the development of virtual and remote technologies, intelligent vehicle connectivity service will achieve a higher degree of automation and intelligence, greatly improving operational efficiency.

Entry Barriers and Key Success Factors of Global and China's Intelligent Vehicle Connectivity Industry

The success of companies within the global and China's intelligent vehicle connectivity sector hinges on several critical factors:

- *Required qualifications*. Intelligent vehicle connectivity service providers are required to obtain relevant qualifications, including the value-added telecommunications services business license for internet information services, also known as ICP License. New entrants have to invest a significant amount of time and gradually accumulate advanced technology to obtain such qualifications related to intelligent vehicle connectivity services.

- *Advanced R&D capabilities*. Intelligent vehicle connectivity services require strong technology capabilities in vehicle-to-everything communication, artificial intelligence, and smart cockpit solutions. Consequently, only service providers that have extensive industry know-how, long-term in-house R&D experience, qualified data processing and algorithm optimization capabilities can effectively compete in the industry.

- *Long-term cooperation experience with OEMs.* Intelligent vehicle connectivity service providers, through long-term stable cooperation with OEMs, have accumulated rich experience and resources, established solid cooperative relationships and reputation, and gained a foothold in the market. New entrants need to spend considerable time and resources building their brand influence and striving for cooperation opportunities with top-tier customers.

- *Broad collaboration with in-vehicle applications.* Intelligent vehicle connectivity service providers need to build a complete ecosystem, providing more diverse and differentiated content applications to attract a broader user base. Meanwhile, a large number of ecosystem partners enables resource sharing and business model creation, enhancing the service capabilities and competitiveness.

Competitive Landscape of China's Intelligent Vehicle Connectivity Industry

In the intelligent vehicle connectivity industry, the major players consist of automotive OEMs who develop their own vehicle connectivity solutions and independent suppliers who provide OEMs with vehicle connectivity services, with approximately 80% and 20% of the total market in terms of revenue, respectively.

The competitive landscape among independent intelligent vehicle connectivity service suppliers is highly fragmented, and there are currently no dominant market participants in this market. Moreover, independent service suppliers provide a myriad of services, in standardized or customized solution type, including R&D and maintenance services for vehicle connectivity platforms and systems, and user engagement optimization services enhancing car owner engagement to vehicle connectivity functions. User engagement optimization services typically consist of user support, vehicle owner relationship management services and application ecosystem management services, among others. Our Group's revenue from intelligent vehicle connectivity services reached approximately RMB110.2 million in 2024, representing a market share of 0.3% in the intelligent vehicle connectivity industry.

SOURCE OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report China's passenger vehicle intelligence industry at a fee of approximately RMB760,000. The commissioned report has been prepared by CIC independent of the influence of the Company and other interested parties. CIC's services include industry consulting, commercial due diligence, strategic consulting, etc. Its consulting team has been tracking the latest market trends across various industries, where it has relevant and insightful market intelligence.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics and other Chinese governmental agencies' releases. The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth trajectory during the forecast period, accompanied by continuing urbanization; (iii) relevant key industry drivers, including evolving consumer demands for better driving experience, acceleration of automotive intelligence, constant innovation of technology and supportive policies, are likely to drive the passenger vehicle intelligence market in China during the forecast period; and (iv) there is no extreme force majeure or unforeseen set of industry regulations in which the market may be affected in either a dramatic or fundamental way.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC report. The report has also incorporated actual and potential impact of the COVID-19 outbreak on our industry. The Directors have confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the consultancy report.

Our business operations are based in the PRC and are subject to extensive supervision and regulation by the PRC government. This section summarizes the major laws, rules and regulations which may impact key aspects of our business.

REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and management of companies in China are governed by the PRC Company Law (《中華人民共和國公司法》), as revised in 1999, 2004, 2005, 2013,2018 and 2023. According to the PRC Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign investment companies. On December 30, 2019, the Ministry of Commerce of the PRC (the "MOFCOM") and the State Administration for Market Regulation of the PRC (the "SAMR") promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which came into effect on January 1, 2020, repealing the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments. According to the Measures for the Reporting of Foreign Investment Information, a listed foreign-funded company may, when the change of foreign investors' shareholding ratio accumulatively exceeds 5% or the foreign party's controlling or relatively controlling status changes, report the information on the modification of investors and the shares held by them. On September 6, 2024, MOFCOM and NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List (2024), which became effective on November 1, 2024. According to the Negative List (2024), provision of value-added telecommunication services business is a "restricted" business, and foreign investors are not allowed to hold more than 50% of the equity interest in enterprises conducting such business (excluding electronic commerce, domestic multi-party communication, storage-forwarding and call center).

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three previous major laws on foreign investments in China, namely the Sino-foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

As a company established in China, we are subject to the relevant provisions of the Company Law regarding the establishment, operation, dissolution, and other corporate actions. In light of our value-added telecommunication business licenses, we must also comply with the Foreign Investment Law and the Negative List, which impose restrictions on foreign investment equity ratios and other regulatory requirements, particularly given our foreign investors.

REGULATIONS ON THE VALUE-ADDED TELECOMMUNICATIONS SERVICES AND INTERNET CONTENT SERVICES

Value-added Telecommunication

The Telecommunications Regulations of the PRC (the "Telecommunications Regulations," 《中華人民共和國電信條例》),which was promulgated by the State Council on September 25, 2000 and most recently amended on February 6, 2016 categorise all telecommunication businesses in the PRC as either basic or value-added. Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain a Value-Added Telecommunication Business Operating License from the Ministry of Industry and Information Technology of the PRC (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 latest 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. For example, a value-added telecommunications service operator providing commercial value-added services in multiple provinces is required to obtain an inter-regional license, whereas a value-added telecommunications service operator providing the same services in one province is required to obtain a local license.

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 on January 8, 2011, "internet information services" refers to the provision of information through the internet to online users, and they are categorised 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. No ICP License is required if the operator will only provide internet information on a noncommercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration. In addition, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the "Mobile Application Administrative Provisions," 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on June 28, 2016 and took effect on August 1, 2016, as last amended on August 1, 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and ensuring information security.

Regulations on Foreign Ownership in Value-Added Telecommunications Services

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council with the latest amendments becoming effective on May 1, 2022, the ultimate foreign equity ownership in a value-added telecommunications service provider, which also applies to the internet information service provider, must not exceed 50%; unless otherwise stipulated by laws. Foreign investors that meet these requirements must be subject to the review to obtain approvals from the MIIT and the MOFCOM (or the MOFCOM's authorised local counterparts) to invest telecommunications enterprises. Based on the Notice regarding the Strengthening of Ongoing and Post Administration of Foreign Investment Telecommunication Enterprises (《關於加強外商投資電信企業事中事後監管的通知》) issued by MIIT in October 2020, the MIIT would no longer issue Examination Letter for Foreign Investment in Telecommunication Business (《外商投資經營電信業務審定意見書》). Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits. A Notice on Intensifying the Administration of Foreign Investment in Value-Added Telecommunications Services (《關於加強外商投資經營增值電信業務管理的通知》), issued by the MIIT on July 13, 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling Telecommunication Business Operating Licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunication business in the PRC. Pursuant to this notice, either the holder of a Value-Added Telecommunication Business Operating License or its shareholders must directly own the domain names and trademarks used by such license holder in its provision of value-added telecommunications services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain the facilities in the regions covered by its license. If a license holder fails to comply with the requirements in the notice or cure any non-compliance, the MIIT or its local counterparts have the discretion to take measures against the license holder, including revoking its Value-added Telecommunication Business Operating License.

Regulations on Internet Map Services

According to the Administrative Measures of Surveying Qualification Certificate (《測繪資質管理辦法》) issued by the Ministry of Natural Resources with the latest amendments becoming effective on July 1, 2021, the provision of internet map services by any non-surveying and mapping enterprise is subject to the approval of the local competent natural resources department and requires a Surveying and Mapping Qualification Certificate. Internet maps refer to maps called or transmitted through the internet. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (《關於進一步加強互聯網地圖服務資質管理工作的通知》) issued by the National Administration of Surveying, Mapping and Geo-information on December 23, 2011, any entity without a Surveying and Mapping Qualification Certificate for Internet map services is prohibited from providing any Internet map services. According to the Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法) issued by the Ministry of Natural Resources most recently amended on July 16, 2019, foreign organisations or individuals shall conduct surveying and mapping activities within the territory of the People's Republic of China by cooperating with the relevant departments or entities of the People's Republic of China in the form of joint venture or cooperation according to law. The Natural Resources Department under the State Council and the Army Surveying and Mapping Department shall be responsible for the examination and approval of the surveying and mapping activities in China.

We currently does not hold the surveying and mapping qualifications. When providing services involving internet map (such as geolocation, and the uploading and annotation of geographic information) to users within China, we must cooperate with partners which hold required qualifications.

REGULATIONS ON PRODUCT QUALITY AND CONSUMER PROTECTIONS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and latest amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of purchased products, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) (the "Civil Code") was adopted by the SCNPC, which became effective on January 1, 2021, according to which, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013, to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to consumers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting consumers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Our primary business is to provide both smart cockpit and intelligent vehicle connectivity solutions to OEMs in China. Our products and solutions must comply with the requirements of laws, regulations, and industry standards for product quality. Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products and solutions may lead to legal actions brought against us by OEMs, consumers, or other parties under the aforementioned laws.

REGULATIONS ON THE IMPORT AND EXPORT OF GOODS

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 and amended and effective on April 6, 2004, November 7, 2016 and December 30, 2022 respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (《海關總署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》) issued by the General Administration of Customs of the People's Republic of China on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987, and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the People's Republic of China on the Administration of the Record of Customs Declaration Units (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the People's Republic of China on November 19, 2021 and becoming effective as of January 1, 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

Pursuant to the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) (the "**Regulations on the Administration of Import and Export of Goods**") promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, which came into effect on May 1, 2024, enterprises engaged in the trade activities of importing goods into the territory of the People's Republic of China or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

The Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the "**Export Control Law**") came into force on December 1, 2020. The Export Control Law is China's first comprehensive and integrated export control law, which sets out provisions for the export control of dual-use goods, military supplies, nuclear energy products, goods related to the protection of national security and interests and other commodities, science and technology, services and goods, as well as fulfilling the responsibilities related to the international prohibition of nuclear proliferation.

Given that we import certain goods from overseas, we have obtained the Customs Record Receipt of Consignees and Consignors of Imported and Exported Goods (海關進出口貨物收發貨人備案) and the Foreign Trade Dealers Filing Receipt (對外貿易經營者備案登記表) in compliance with the legal requirements by obtaining.

With our dedication to expanding into international markets and increasing our international sales, we are committed to adhering to the relevant export laws and regulations, including ensuring that our export activities are conducted in accordance with customs clearance procedures, obtaining any necessary export licenses or permits, and complying with international trade agreements, sanctions, and other export control measures, among others.

REGULATIONS ON IOV AND INTELLIGENT CONNECTED VEHICLES INDUSTRY

On July 30, 2021, the MIIT promulgated the Opinions on Strengthening the Administration of the Access of Intelligent Connected Vehicle Manufacturers and Products (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》), which provides that enterprises should strengthen data security management ability and network security guarantee ability, as well as strengthen enterprise management ability and ensure product production consistency. Moreover, enterprises should strengthen product management: (a) Enterprises should enhance data security management capabilities.; (b) Enterprises that manufacture any vehicle product with an online update (also known as OTA update) function shall have management capabilities that match the vehicle product and update activities to be carried out; (c) Enterprises should strengthen the safety management of autonomous driving function products; (d) Enterprises ensure reliable space-time information services; (e) Enterprises shall strengthen self-checks to detect serious data security, network security, online update safety, driver assistance and autonomous driving safety and other problems with the vehicle products manufactured or sold by them, and shall immediately cease the production or sales of related products in compliance with laws and regulations, take measures to rectify the problems, and report the problems to the MIIT and the local industry and information technology authorities and telecommunications authorities in a timely manner.

On May 15, 2023, the China Association of Automobile Manufacturers released the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) (《汽車智能座艙交互體驗測試評價規程(徵求意見稿)》), which stipulates the terminology and definitions, the evaluation index system, the classification of grades, and the test and evaluation methodology of the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures. The Automotive Intelligent Cockpit Interaction Experience Test and Evaluation include the evaluation on usefulness, safety, efficiency, cognition, intelligence, value, and aesthetics. As of the Latest Practicable Date, the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) has not been formally adopted.

According to the Notice of the Ministry of Industry and Information Technology on Further Strengthening the Safety Supervision of the Promotion and Application of New Energy Vehicles (《工業和信息化部關於進一步做好新能源汽車推廣應用安全監管工作的通知》) (Gong Xin Bu Zhuang [2016] No. 377) issued by the Ministry of Industry and Information Technology and taking effect on November 11, 2016, Production enterprises shall establish and improve their new energy vehicle enterprise monitoring platform, maintain full communication with users, and sign confidentiality agreements with users according to its provision of establishment sound enterprise monitoring platform. Since January 1, 2017, vehicle terminals shall be installed to all new energy vehicles newly manufactured, and the operational safety status of vehicles and key systems such as power batteries shall be monitored and managed through the enterprise monitoring platform. According to the Technical Specifications of Remote Service and Management System for Electric Vehicles (《電動汽車遠程服務與管理系統技術規範》) (GB/T 32960), the information about the safety status of vehicles in the public service sector shall be uploaded to the local monitoring platform.

According to the Guideline for Developing National Vehicles Connectivity Industry Standard System (Electronic Products and Services) (《國家車聯網產業標準體系建設指南(電子產品和服務)》) issued by the Ministry of Industry and Information Technology and the Standardisation Administration on June 8, 2018, it mainly aims at the standardisation of automotive electronic products, in-vehicle information systems, and in-vehicle information services and platforms that underpin the IoV industry chain, and clarifies the development direction of standardisation of IoV electronic products and in-vehicle information services. IoV electronic products and services include basic products, terminals, networks, platforms, and services. Basic products and terminals collect and acquire intelligent information of vehicles, and perceive and respond to driving status and environment, enabling the realisation of in-vehicle information services, including traffic information, navigation service, entertainment information, security situation, online business, emission information, remote control, vehicle configuration, inspection and maintenance. Moreover, according to the construction method of the technical logical structure and product physical structure of intelligent connected vehicles, taking into account different functional requirements, product and technology types, and information flow between various subsystems, the government defines the standard system framework of intelligent connected vehicles as four parts: "Foundation," "General Specifications," "Product and Technology Applications," and "Relevant Standards." Foundation mainly includes three types of basic standards, such as terminologies and definitions, classification and coding, identifications and symbols of intelligent connected vehicles. General Specifications put forward the overall requirements and specifications from the vehicle level, mainly including function evaluation, human-machine interface, function safety and information safety, etc. Product and Technology Applications mainly cover the functions, performance requirements, and testing methods of core technologies and applications of intelligent connected vehicles, such as information perception, decision warning, auxiliary control, automatic control, and information interaction. Relevant Standards mainly include communication protocols, the foundation of vehicle information communication, which mainly covers protocol specifications on medium, short-range communication, wide area communication and other aspects of the realization of intelligent information interaction among vehicles (individual passengers, vehicles, roads, clouds, etc.), and they also include standard specifications for software and hardware interface between various physical layers and different application layers.

In order to implement the National Standardization Development Outline (《國家標準化發展綱要》), promote the high-quality development of the intelligent connected vehicle industry, and accelerate the construction of an automobile power, MIIT has revised and improved the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) based on the development of the intelligent connected vehicle technology industry, further formed the Guidelines for the Construction of the National Vehicles Connectivity Industry Standard System (Intelligent Connected Vehicles) (2023 Edition) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)》), which provided that the government will establish a standard system for intelligent connected vehicles that adapts to China's national conditions and is in line with international standards in stages based on the current status of intelligent connected vehicle technology, industry needs, and future development trends.

According to the Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) promulgated by the MIIT on November 16, 2021 and effective from March 1, 2022, the automobile radar equipment manufactured or imported for domestic sale or use shall comply with the RF Technical Requirements for Automobile Radar and apply for the radio type approval of the radio transmitting equipment from the national radio administration agency.

We provide both smart cockpits and intelligent vehicle connectivity solutions. Thus, we must ensure that the hardware and software services we provide meet the regulatory requirements pertaining to data security, network security, software updates, functional safety, and safety of the intended functionality (SOTIF) in the context of intelligent and connected vehicles. We must also stay informed about the evolving regulatory landscape and ensure that our products and services remain compliant with the latest requirements.

Requirements or Standards on Cockpit Solution/Products/In-Vehicle Infotainment (IVI) Systems

The "National Guidelines for the Construction of the Industrial Standard System for Vehicles Connectivity (Intelligent and Connected Vehicles) (2023 Edition)" (國家車聯網產業標準體系建設指南(智慧網聯汽車)(2023版)) were jointly revised and issued by the Ministry of Industry and Information Technology (工業和信息化部) and the Standardization Administration of the People's Republic of China (國家標準化管理委員會). The guideline primarily focuses on the universal norms, core technologies, and key product applications of intelligent and connected vehicles, aiming to establish a comprehensive standard system that encompasses the basics, technologies, products, and testing standards for intelligent and connected vehicles. The guideline will direct the National Automotive Standardization Technical Committee's Intelligent and Connected Vehicle Subcommittee and relevant organizations to intensify their efforts in developing standards in key areas such as functional safety, cybersecurity, operating systems, and promote the dissemination and implementation of critical standards.

The national recommended standard "Road Vehicles – Functional Safety" (《道路車輛功能安全》) (GB/T 43253-2023), partly revising the previous version GB/T 34590-2017 on the same subject, has been issued by the State Administration for Market Regulation and the Standardization Administration of the People's Republic of China. This standard regulates the auditing and assessment activities related to functional safety in road vehicles, ensuring that electrical/electronic (E/E) systems comply with functional safety requirements throughout their design, development, and production phases.

In the field of cybersecurity and data protection, on August 23, 2024, the state officially released three national mandatory standards, including "Technical Requirements for Information Security of Complete Automobiles" (《汽車整車信息安全技術要求》), "General Technical Requirements for Automotive Software Upgrades" (汽車軟件升級通用技術要求), and "Data Recording System for Autonomous Driving of Intelligent and Connected Vehicles" (《智能網聯汽車自動駕駛數據記錄系統》). These standards will officially take effect on January 1, 2026. The implementation of these standards will impose specific requirements on the information security of intelligent connected vehicles, encompassing but not limited to data encryption, access control, security vulnerability management, emergency response, and other aspects. These measures are designed to ensure the information security and data protection of vehicles during their usage.

In the field of human-computer interaction (HCI), the "Road Vehicles – Hands-Free Calling and Voice Interaction Performance Requirements and Test Methods" (《道路車輛免提通話和語音交互性能要求及試驗方法》) (20213581-T-339) is a national recommended standard currently being formulated by the National Technical Committee on Automobile Standardization. This standard primarily covers the performance requirements and test methods for complete vehicles equipped with hands-free calling terminals with vehicle-mounted speakers, vehicle-mounted emergency call terminals, and vehicle-mounted voice interaction terminals.

The "On-board Wireless Communication Terminal" (《車載無線通訊終端》) (GB/T 43187-2023) is a national recommended standard that stipulates the technical requirements for on-board wireless communication terminals. It also outlines the testing methods and inspection rules for these terminals, providing detailed specifications for various aspects such as communication performance, electromagnetic compatibility (EMC), environmental adaptability, and durability.

Additionally, on August 23, 2024, the state also released national recommended standards such as "Terminology and Definitions for Intelligent and Connected Vehicles" (《智慧網聯汽車術語和定義》) (GB/T 44373-2024) with the aim of defining the terminology and definitions related to the basic fundamentals, key technologies, system components, and functional applications of intelligent and connected vehicles.

In addition, on December 1, 2023, the National Standardization Administration Committee (國家標準化管理委員會) issued the third batch of recommended national standard plans for 2023. Among them, five significant national standard projects in the field of intelligent and connected vehicles, including "Technical Requirements and Test Methods for Intelligent and Connected Vehicle Control Operating Systems" (《智慧網聯汽車車控作業系統技術要求及試驗方法》) submitted by the National Technical Committee on Automobile Standardization (全國汽車標準化技術委員會), were officially approved and initiated. This standard stipulates the technical requirements, information security requirements, functional safety requirements, and corresponding test methods for intelligent driving operating systems and safe vehicle control operating systems. It can support the differentiated development of customized applications by various OEMs (Original Equipment Manufacturers) on the upper level and adapt to underlying heterogeneous hardware, chips, and other components on the lower level.

Regulations on Cybersecurity, Data Privacy and Protection

We collect and process certain data during our operations of business. The Cybersecurity Law of the People's Republic of China (the "Cybersecurity Law,"《中華人民共和國網絡安全法》), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity incidents, to prevent criminal activities committed on the network, and to maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger cybersecurity or use networks to engage in activities endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cybersecurity Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permits, cancellation of business license, closedown of websites or even criminal liabilities.

The Data Security Law of the People's Republic of China (the "Data Security Law,"《中華人民共和國數據安全法》) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The Personal Information Protection Law of the PRC (the "Personal Information Protection Law,"《中華人民共和國個人信息保護法》) was promulgated on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on "notification and consent" as established in the Cybersecurity Law, the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person's life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with the Personal Information Protection Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities.

On December 28, 2021, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was published on January 4, 2022, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data processing carried out by online platform operators, that raise or may raise "national security" concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. Before the critical information infrastructure operator procures network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cybersecurity review by the Cybersecurity Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an online platform operator that possesses the personal information of more than one million users must apply for a cybersecurity review by the Cybersecurity Review Office, if it plans on listing companies in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our non-compliant operations.

On September 24, 2024, the State Council promulgated the Regulations on Cyber Data Security Management, which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》). According to the provisions, data processors are subject to security assessments conducted by the CAC prior to any cross-border transfers of important data and personal information, if falling under any of the following circumstances: (i) where the critical information infrastructure operator intends to provide important data or personal information overseas; (ii) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (iii) where the data processor other than critical information infrastructure operators, who has provided personal information (excluding sensitive personal information) of at least one million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of any given calendar year, intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

On August 16, 2021, the CAC, the NDRC, the MPS, the MIIT and the Ministry of Transport jointly promulgated the Several Provisions on Automobile Data Security Management (Trial Implementation) (the "Provisions on Automobile Data Security," 《汽車數據安全管理若干規定(試行)》) which took effect on October 1, 2021 and aims to regulate the collection, analysis, storage, utilization, provision, publication, and cross-border transfer of personal information and important data involved in the process of automobile design, manufacture, sales, use, operation and maintenance, among others. Relevant automobile data processors include automobile manufacturers, components and parts and software suppliers, dealers, maintenance organizations, and ride-hailing and sharing service enterprises, among others. To process personal information, automobile data processors shall obtain the consent of the individual or conform to other circumstances stipulated by laws and regulations. Pursuant to the Provisions on Automobile Data Security, important data related to automobiles shall in principle be stored within the PRC and a security assessment of cross-border data transfer shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if it is indeed necessary to provide such data overseas. To process important data, automobile data processors shall conduct risk assessments in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

On November 28, 2019, the CAC, MIIT, the Ministry of Public Security and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), which came into effect on the same day and lists six types of illegal collection and usage of personal information, including "non-disclosure of collection and use rules," "failure to expressly state the purpose, method and scope of collecting and using personal information," "collection or use of personal information without the consent of users," "collection of personal information unrelated to the services they provide in violation of the principle of necessity," "provision of personal information without consent," "failure to provide the function of deleting or correcting personal information in accordance with the law" and "failure to disclose the information such as ways of filing complaints and whistleblowing reports."

On July 22, 2020, the MIIT issued the Notice of Ministry of Industry and Information Technology on Carrying out Special Rectification Actions in Depth against the Infringement upon Users' Rights and Interests by Apps (《工業和信息化部關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), which lists four types of illegal collection and usage of personal information, including "illegally processing personal information of users by the App and the SDK," "Setting up obstacles and frequently harassing users," "cheating and misleading users" and "inadequate implementation of application distribution platforms' responsibilities."

REGULATIONS ON TELECOMMUNICATIONS EQUIPMENT NETWORK ACCESS

According to Measures for the Administration of Telecommunications Equipment Access to the Network (《電信設備進網管理辦法》, which was lasted amended by MIIT on January 18, 2024, the State applies a network access licensing system to telecommunications terminal equipment, radio communication equipment and telecommunications equipment involving interconnection of public telecommunications networks. The telecommunications equipment subject to the network access license system must obtain the network access license issued by the Ministry of Industry and Information Technology; Without access to the network license, may not access the public telecommunications network to use and sell in the country.

If our devices or services need to directly connect to the public telecommunications network, these devices must comply with the requirements of the network access licensing system and obtain the corresponding network access license. This includes, but is not limited to, in-vehicle communication modules, in-vehicle smart terminals, and connected vehicle communication service platforms.

REGULATIONS ON WORK SAFETY

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets national or industrial standards. Automobile and components manufacturers are subject to such environmental protection and work safety requirements.

We have built a manufacturing facility in Xiamen, Fujian Province and our new facilities in Liuzhou, Guangxi Province and Rui'an, Zhejiang Province are under construction. All of our facilities should comply with relevant laws and regulations related to work safety during production activities.

REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, and most recently amended on August 21, 2023, special construction projects that have not passed the fire prevention inspection or the fire prevention inspection are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be stopped. All of our facilities should comply with relevant laws and regulations related to fire prevention.

REGULATIONS ON ENVIRONMENTAL PROTECTION

All of our operation of business should comply with relevant laws and regulations related to environmental protection.

Environmental Protection Law

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impacts shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, within a time limit, forced shutdown, or criminal punishment.

Laws on Environment Impact Assessment

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

Pollutant discharge permits

According to the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (《固定污染源排污許可分類管理名錄》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came into effect on the same day, the PRC implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment of the pollutant discharging entities. For pollutant discharging entities subject to registration management, applications for pollutant discharge permits are not required.

According to the Regulations on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises and other production operators that implement pollutant discharge licencing management (the "pollutant discharging entities") shall apply for pollutant discharge permits, and shall not discharge pollutants without obtaining the pollutant discharge permits. Pollutant discharging entities are classified into key management and simplified management according to the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharge permit is valid for five years. If a pollutant discharging entity intends to continue to discharge pollutants, it shall submit an application for renewal to the approving authority 60 days before the expiration of the pollutant discharge permit.

REGULATIONS ON LAND, PLANNING AND ENGINEERING CONSTRUCTION

Our construction activities in our facilities shall also comply with regulations in relation to land and, planning and engineering construction.

Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC Standing Committee on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land of the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of which is collectively-owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory use term and planned use scope. Permanent buildings cannot be built on the land for temporary use, and the term of use of the land shall generally not exceed two years.

Planning

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planning area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the central government of the PRC for a construction project planning permit. The construction entity shall carry out the construction in accordance with the planning conditions and submit the relevant completion acceptance information to the urban and rural planning authority within six months after the completion acceptance.

Engineering construction

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and latest amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without acceptance or with unqualified acceptance. All of our facilities should comply with relevant laws and regulations related to land, planning and engineering construction.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademark Law

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982 and latest amended on April 23, 2019, and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the State Administration of Industry and Commerce of the PRC. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for ten years, unless otherwise revoked.

Patent Law

The Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the SCNPC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and its implementation rules (《中華人民共和國專利法實施細則》), which were promulgated by the China Patent Office on January 19, 1985 and most recently amended by the State Council on December 11, 2023 and effective from January 20, 2024, provide for three types of patents: "invention," "utility model" and "design." "Invention" refers to any new technical solution in relation to a product, or a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. The validity period of patent for an "invention" is 20 years, while the validity period of patent for a "utility model" is ten years and that of a "design" is 15 years, from the date of application.

Copyright Law

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020 and effective from June 1, 2021, Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works in accordance with the law. Unless otherwise provided in the Copyright Law of the People's Republic of China and other related systems, laws and regulations, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities. In exercising the rights, copyright owners and copyright-related rights holders shall not be in violation of the Constitution and laws nor prejudice to public interests. According to the Measures for the Registration of Computer Software Copyright issued by the Ministry of Machine Building and Electronics Industry (《計算機軟件著作權登記辦法》) (currently incorporated into the Ministry of Industry and Information Technology) on April 6, 1992 and most recently amended by the National Copyright Administration on February 20, 2002 and effective from the same date, and the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and most recently amended on January 30, 2013 and effective from March 1, 2013, the State Copyright Administration shall be responsible for the administration of software copyright registration nationwide, and the China Copyright Protection Center is recognized as the software registration authority. Applicants for computer software copyright satisfying the requirements of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computer Software will be issued a registration certificate by the China Copyright Protection Center.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and effective from November 1, 2017, the Ministry of Industry and Information Technology supervises and administers domain services nationwide. The principle of "first come, first served" is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate and complete information about the identity of the domain name holder for registration purpose, and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

We should apply for, use, protect, and avoid infringing upon the intellectual property rights of third parties in accordance with relevant intellectual property laws. See "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" for details of our material intellectual property rights.

REGULATIONS ON SHARE INCENTIVE PLANS

In February 2012, SAFE promulgated the Circular on Foreign Exchange Administration for PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (Huifa [2012] No. 7) (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》(匯發[2012]7號)) (the "**SAFE Circular 7**"). According to the SAFE Circular 7 and other relevant rules and regulations, a domestic director, supervisor or senior management or employees who has employment or labor relationship with a company listed overseas, and participates in a share incentive plan of the company shall be subject to the foreign exchange registration procedure as required in the SAFE Circular 7. However, H-share direct listings by domestic companies do not fall under the category of 'overseas listed companies' as defined in SAFE Circular 7. According to the "Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition)" (《資本項目外匯業務指引(2024年版)》) issued by the State Administration of Foreign Exchange on April 3, 2024, after a domestic company listed overseas is approved to participate in the "full circulation" of H-shares, its domestic shareholders should register their domestic shareholder holdings with the local foreign exchange bureau within 20 working days before increasing their holdings. After registration is completed, they should receive a business registration certificate and bring the domestic shareholder shareholding business registration certificate to the domestic securities company to handle share increase.

After a domestic company listed overseas is approved to participate in the "full circulation" of H-shares, its domestic shareholders should register their domestic shareholder shareholding at the local foreign exchange bureau within 20 working days after the reduction. After the registration is completed, they should receive a business registration certificate and open a relevant account at a domestic bank with the domestic shareholder shareholding business registration certificate. If we plan to implement a share incentive plan of the company after the [**REDACTED**], we should proceed with foreign exchange registration in accordance with the relevant provisions of SAFE Circular 7.

REGULATIONS ON LABOR AND SOCIAL INSURANCE

Labor Law and Labor Contracts Law

As a company established and operating in PRC, we should comply with labor laws and regulations and safeguard the labor rights and interests of our employees.

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, 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 on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform of the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and the Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and 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》) promulgated on January 19, 2017 and March 6, 2019, respectively, maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

According to Article 20 of the Regulation on Labor Security Supervision (《勞動保障監察條例》) issued by the State Council on November 1, 2004, Where an act of violating labor security laws, regulations or rules is neither found by the labor security administration nor reported or complained by others within 2 years, the labor security administration shall no longer investigate it. The period prescribed in the preceding paragraph shall begin from the date when the act of violating labor security laws, regulations or rules occurred; or begin from the date when the act of violating labor security laws, regulations or rules is concluded if such act is in a continuing state.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice of the General Office of the State Taxation Administration on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源和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》) promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self collection of historical unpaid social insurance contributions from enterprises. The Notice of the State Administration of Taxation on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years. The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (關於印發《降低社會保險費率綜合方案的通知》) (Guo Ban Fa [2019] No. 13), promulgated by the General Office of the State Council on April 1, 2019, emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises.

REGULATIONS ON TAX IN THE PRC

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by laws, rules and regulations from time to time, including taxation.

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with the law, or which are set up in accordance with the law of a foreign country (region) but are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax ("VAT"). Unless otherwise provided, taxpayers engaged in the provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Caishui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)》) promulgated by the Ministry of Finance and the State Administration of Taxation promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, respectively, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT.

According to the Circular on Policies for Simplifying and Consolidating Value-Added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值稅稅率有關政策的通知》(財稅[2017]37號)), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax (VAT) rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with an 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-Added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the Ministry of Finance and the State Administration of Taxation on April 4, 2018 and effective May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for value-added tax (VAT) purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) ("Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39") announced by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%, and the originally applicable VAT rate of 10% shall be adjusted to 9%.

REGULATIONS ON OVERSEAS LISTING

On February 17, 2023, with the approval of the State Council, 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》) and relevant five guidelines, which came into force on March 31, 2023.

According to the Trial Administrative Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; 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 an 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; (ii) domestic companies that seek to offer or list securities overseas directly are limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares is required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic company to rectification ordered by the CSRC, a warning and a fine of RMB1 million to RMB10 million.

Besides, PRC domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conduct overseas offering and listing shall (i) formulate their articles of association, improve their internal control system and standardize their corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, not divulge any state secret or the work secrets of state authorities, and also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Administrative Measures also provide the circumstances where the overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing are explicitly prohibited by specific PRC laws and regulations; (ii) such securities offering and listing constitute a threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed relevant 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 PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or the actual controller.

Full Circulation of H Shares

"Full Circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》 ("Guidelines for the 'Full Circulation'")), which were amended on August 10, 2023. As regulated in the Guidelines for "Full Circulation," shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, the H-share listed company corresponding to these shares may be authorized to file for "full circulation" with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Administrative Measures, which came into effect on March 31, 2023, 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. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of the H-share "Full Circulation" Business (the "Measures for Implementation"). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc., in relation to the H-share "Full Circulation" business, are subject to these Measures for Implementation.

The issuance and [**REDACTED**] of H shares are subject to the regulations on overseas listings issued by CSRC and other relevant authorities. As such, we must comply with the relevant provisions and proceed with the necessary applications, registrations, and filings as required.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade- and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange, ("SAFE") or its local counterpart is obtained.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular 19"). According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in

Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the "SAFE Circular 13") which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16") was promulgated by SAFE on June 9, 2016. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on the use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

We shall ensure that all transactions related to the issuance and [**REDACTED**] of H shares are in line with the foreign exchange laws and policies of the PRC, as well as those of the destination market. We will diligently fulfill all necessary procedures, such as obtaining any required foreign exchange approvals or registrations, to ensure smooth and compliant cross-border capital movements.

U.S. EXPORT CONTROL LAWS AND REGULATIONS

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**" or "**CCL**"). The CCL is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use.

On October 7, 2022, the U.S. Department of Commerce, the BIS published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR or Macau SAR (the "**U.S. Chip Export Restrictions**"). BIS' rules on advanced computing and semiconductor manufacturing were implemented in two key areas. First, these rules impose restrictive export controls on certain advanced computing semiconductor chips and software, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, these rules impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

Section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain items subject to the EAR if the party has "knowledge," that the item is destined for a "military end use" or a "military end user" in Burma, Cambodia, China or Venezuela. Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any items subject to the EAR if the party has "knowledge" that the item is intended for a "military-intelligence end use" or "military-intelligence end user" in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified "military intelligence end users," of such countries, wherever located.

Furthermore, section 744.23 of the EAR imposes license requirements where an exporter reexporter or transferor knows or has reason to know that certain items subject to the EAR are intended for a "supercomputer" end-use or are intended for semiconductor manufacturing end-uses. No license exceptions are available to overcome these restrictions.

On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking ("NPRM") that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the "Proposed Rule"). The Proposed Rule identifies significant national security concerns associated with connected vehicles and related connect components and software designed, developed, manufactured or supplied by companies located in or headquartered in China or Russia, and is expected to have a major impact on the automotive and ICTS sectors. Specifically, the Proposed Rule bans the importation and sale of hardware and software components integrated into Vehicle Connectively Systems ("**VCS**") (largely technology that connects the vehicle to the internet) and software integrated into ADS (but excluding ADAS) absent a general or specific authorization. It also prohibits connected vehicle manufacturers that are owned by, controlled by, or subject to the jurisdiction of China or Russia from selling connected vehicles that incorporate VCS hardware or covered software in the United States. If adopted, prohibitions on software would go into effect for model year 2027 vehicles and prohibitions on hardware would take effect for Model Year 2030 vehicles, or January 1, 2029 for units without a model year. The Proposed Rule establishes a requirement that connected vehicle manufacturers, which would be most OEMs and all importers, submit declarations of conformity, sets out the conditions for general and specific authorizations, establishes a process for industry stakeholders to seek an advisory opinion from BIS with respect to specific transactions, and establishes a process to inform VCS hardware importers and connected vehicle manufacturers that a specific authorization may be required. The Proposed Rule was formalized in BIS Final Rule on January 16, 2025 ("Final Rule") with a narrower scope of the restrictions and reduced compliance burden on the automotive industry. In particular, the Final Rule does not apply to commercial vehicles, vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Rule. As of the Latest Practicable Date we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and we do not intend to actively develop our business in the United States as a market in the future. During the Track Record Period and up to the Latest Practicable Date, our business activities had not been affected by certain U.S. export restrictions related to semiconductor, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR and Macau SAR or other U.S. export and import control laws in any material respect.

OVERVIEW

We are a pioneer in China's automotive intelligence industry, one of the few domestic providers of both smart cockpit and intelligent vehicle connectivity solutions. According to CIC, we are a leading independent domestic provider of smart cockpit solutions for Chinese OEMs. We unveiled China's first 3G vehicle connectivity system in 2010, making us one of the first entrants in China's intelligent vehicle connectivity market. We stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. This approach ensures an integrated solution tailored to meet diverse customer needs.

Smart cockpits are an essential component in the automotive industry's intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. Consumers of high-end and emerging automotive brands are increasingly seeking enhanced in-vehicle experience. This growing demand is propelling the intelligent transformation of the automotive industry, consequently raising the value of smart cockpits. According to CIC, the size of China's passenger vehicle smart cockpit solutions industry in terms of revenue is expected to grow from RMB129.0 billion in 2024 to RMB299.5 billion in 2029, at a CAGR of 18.4%. According to the same source, Chinese OEMs are increasingly capturing a higher market share in China's automotive industry, and are moving towards developing high-end vehicles with advanced automotive intelligence features. This transition is anticipated to generate higher demand for smart cockpit solutions. Leveraging our significant presence among Chinese OEMs, we are well positioned to capitalize on the industry growth.

We are the second-largest provider of smart cockpit domain controller solutions for NEVs produced in China in terms of shipment volume in 2024 with a market share of 11.9%, ranking after a player with a market share of 22.8%, according to CIC. We provides OEM and Tier-1 customers with domain controllers — the backbone of a smart cockpit — as our core products, showcasing our strong design and development capabilities for smart cockpit solutions. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers and other cockpit components, such as display screens and software, separately. In 2023, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's fourth-generation Snapdragon 8295 chipset in China, which, according to CIC, are among the mainstream automotive-grade chips for smart cockpit solutions with the highest computing power. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm's Snapdragon 8295 chipset, according to CIC. We also offer intelligent vehicle connectivity solutions primarily to OEMs, assisting them in elevating the vehicle owners' driving experience. Our smart cockpit and intelligent vehicle connectivity solutions have been deployed by three of the top five Chinese OEMs and two of the top five Chinese premium emerging NEV brands in terms of sales volume in 2024. We strategically target leading automotive OEMs in China as our core customers, including major Chinese OEMs and their rapidly growing NEV brands such as Avatr and Voyah, as well as renowned international OEMs. We believe this strategic customer focus can position us favorably to increase our market share.

We are a key contributor to the automotive industry's intelligent transformation, consistently advancing innovation. In 2013, we introduced the first-ever automotive-grade operating system developed by a private-owned enterprise in China, according to CIC. We are currently partnering with a globally leading technology company and certain Chinese automotive OEMs to engage in developing the first in-vehicle operating system with entirely domestic intellectual property. With an aim to extending our reach to the upstream of automotive intelligence industry's value chain, we are taking initiatives among independent providers of smart cockpit solutions to explore the field of domestic automotive-grade chips. In addition, in May 2023, we joined forces with the National New Energy Vehicle Technology Innovation Center of China (國家新能源汽車技術創新中心) ("NEVC"), a national center for new energy vehicles established under the approval of the Ministry of Science and Technology of the PRC, to found a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips. In the same year, we also formed a company with a leading semiconductor provider in China and other industry partners, dedicated to the R&D of domestic automotive-grade chips.

With industry-leading R&D capabilities, we have achieved numerous technological innovations since our inception and have developed comprehensive technologies across software, hardware and cloud-based vehicle connectivity. In 2023, the NDRC and other national-level governmental authorities collectively recognized us as a National Enterprise Technology Center (國家企業技術中心). Two of our proprietary technological innovations related to smart cockpit solutions and intelligent vehicle connectivity solutions were acknowledged as internationally leading technologies by the NEVC. We ranked first in terms of the number of registered invention patents among domestic smart cockpit and intelligent vehicle connectivity solution providers as of December 31, 2024, according to CIC.

Mr. Ying, our founder and chairman of the Board, guides our growth with his visionary leadership and rich industry experience. Mr. Ying's application of the 3G network to intelligent vehicle connectivity solutions, as early as its introduction in 2010, laid a solid foundation for us to lead the intelligent transformation of the automotive industry over the next decade. Mr. Ying is widely recognized in the industry, serves as a member in many industry organizations, including the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會), and has received numerous prestigious awards, including the Shanghai May 1st Labor Medal (上海市五一勞動獎章) and being named an Eminent Entrepreneur of Shanghai (上海市優秀企業家), Fifth Shanghai Industrial and Commercial Leader (第五屆上海市工商業領軍人物) and 2023 World Internet of Things Awards — Outstanding Person of the Year (2023世界物聯網大獎—年度傑出人物).

We integrate upstream and downstream resources across the automotive intelligence ecosystem, achieving synergistic cooperation with a diverse array of partners. Our market leadership and strong technology capabilities enable us to establish mutually beneficial relationships with upstream players such as automotive-grade chip and operating system suppliers, downstream OEM customers, as well as content and other service providers. For instance, through our extensive collaboration with Qualcomm, we became one of the first companies to offer smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset in China, securing design wins from notable customers. Furthermore, our close partnership with BlackBerry has led to the launch of smart cockpit solutions based on the BlackBerry QNX platform — a full-featured development environment with a deterministic real-time operating system — now utilized in various models from Avatr and other OEM brands.

Leveraging our leading position in the market, we achieved substantial growth during the Track Record Period. We sold approximately 4.4 million smart cockpit products in the aggregate during the Track Record Period. Our shipment volume of smart cockpit products grew at a CAGR of 42.4% from 2022 to 2024. Our revenue increased by 22.8% from RMB1.2 billion in 2022 to RMB1.5 billion in 2023, and further increased by 70.9% to RMB2.6 billion in 2024. Our net loss decreased from RMB452.2 million in 2022 to RMB283.8 million in 2023, and increased to RMB540.8 million in 2024. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million and RMB352.4 million in 2022, 2023 and 2024, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million and RMB(215.3) million in 2022, 2023 and 2024, respectively. See "Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measures" for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure). With cash and cash equivalents of RMB977.0 million as of December 31, 2024, supplemented by the [**REDACTED**] from the [**REDACTED**], we believe we are well-equipped financially to support our ongoing operations and strategic growth initiatives.

OUR STRENGTHS

A Pioneer in China's Automotive Intelligence Transformation, Leading with Innovative Solutions

We are a pioneer in China's automotive intelligence industry, having consistently been at the forefront of the industry. We unveiled China's first 3G vehicle connectivity system in 2010, and are among the first enterprises that developed smart cockpit solutions, ahead of most of our peers. As one of the few companies in China possessing holistic in-house capabilities spanning software, hardware, and cloud-based vehicle connectivity, we have established ourselves as a pivotal force in the intelligent transformation of the automotive industry. Our integrated smart cockpit solutions are widely recognized by leading Chinese OEMs. As of December 31, 2024, we ranked first among Chinese smart cockpit solution providers in terms of the number of design wins for high-end smart cockpit solutions equipped with Qualcomm's Snapdragon 8295 chipset, according to CIC. We have consistently achieved "first-in-class" milestones in technologies and solutions. According to CIC, we are:

- one of the few Chinese domestic providers of smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset;

- one of only two providers offering smart cockpit solutions based on Kirin 9610A processors and HarmonyOS operating system;

- the first among private-owned Chinese companies to introduce self-built automotive-grade operating system;

- the first to launch intelligent vehicle connectivity solutions in China that use mobile phones' computing power;

- the one who developed China's first in-vehicle voice system based on natural language processing and the world's first intelligent solid-state audio system using a vehicle's body panel to produce and receive sound;

- the one who launched the industry's first in-vehicle congestion avoidance navigation system; and

- the first to introduce a cloud-based vehicle connectivity platform which can provide telematics services through mobile phones, laptops and telematics-boxes and offer remote security and voice control functions for passenger vehicles; this platform is the first of its kind, built with a service-oriented architecture and applies NGTP2.0 (Next Generation Telematics Patterns) protocols.

As one of the select few Chinese companies providing both smart cockpit solutions and intelligent vehicle connectivity solutions, our customers comprise Chinese OEMs such as Avatr and Voyah, joint venture OEMs, as well as renowned international OEMs. We have successfully passed the rigorous validation processes of numerous major OEMs, showcasing the reliability, performance and adherence to the high-level industry standards of our solutions. As of December 31, 2024, we had passed 29 automotive OEMs' qualification reviews for smart cockpit suppliers, including 20 Chinese OEMs, six joint venture OEMs and three international OEMs.

Our leadership in the industry has enabled a rapid market share growth and an increase in design wins. We are the second-largest provider of smart cockpit domain controller solutions for NEVs produced in China in terms of shipment volume in 2024, according to CIC. With our highly competitive solutions and services, we had cumulatively serviced over 200 car models across more than 50 automotive brands as of December 31, 2024.

We are among the first Chinese smart cockpit and intelligent vehicle connectivity solution providers that have tapped into overseas markets. We have captured opportunities in the overseas market by assisting Chinese OEMs and joint venture OEMs in successfully launching their passenger vehicles globally. Further, we have leveraged our experience in collaborating with Chinese and joint venture automakers overseas to serve international OEMs in the global automotive market. In 2023, we became the supplier for the aftermarket installation of smart cockpits powered by Qualcomm's 8155 processors for several car models of a global luxury car manufacturer in Europe, upgrading vehicles that have already been sold to consumers.

We have built a strong brand name and garnered significant industry recognition. We were included in Forbes China's Unicorn List in 2022 and named one of the Key Players to Watch in China's Go-Global Initiative in the automotive technology sector by Fortune in 2023. We were recognized as one of Shanghai's Top 100 Cutting-Edge Technology Companies in 2023. We were recognized as a Specialized and Innovative "Little Giant" Enterprise (專精特新"小巨人"企業) by the MIIT in 2024. This recognition is awarded to enterprises positioned in the core areas of industrial foundations and key links of the industrial chain, known for their outstanding innovation capabilities and possession of core technologies. We have been included in Hurun's Global Unicorn Index and ranked among the top 500 companies selected by the World Internet of Things Convention for five consecutive years. Additionally, we have been named one of the Top 100 Shanghai Private-Owned Manufacturing Companies and one of the Top 100 Shanghai Emerging Industry Companies for four consecutive years.

Comprehensive In-house R&D Capabilities with a Focus on Software

We are deeply committed to advancing automotive intelligence. Leveraging our intellectual property and know-how accumulated in the past, we have built comprehensive in-house capabilities across software, hardware and cloud-based vehicle connectivity.

Our in-house developed automotive-grade operating system serves as the backbone of our technology stack. It features a modular design that enables rapid adaptation to various hardware configurations and platform requirements, reducing development time and improving customization. Our system is compatible with System on a Chip (SoC) solutions from various providers, such as Qualcomm. This versatility allows us to provide a wide range of solutions and create tailored solutions for vehicles at different price ranges, enabling a swift market entry. For instance, we developed smart cockpit solutions for Geely Geometry's GE11 model, which are powered by Kirin processors and the HarmonyOS operating system. Furthermore, in our commitment to offering homegrown smart cockpit solutions tailored to consumers' demand in China, we are currently partnering with a leading technology company in China and certain Chinese automotive OEMs to develop the first in-vehicle operating system with entirely domestic intellectual property.

Wireless communication is a pivotal future trend for automotive intelligence, enabling enhanced integration of devices and systems, real-time data exchange, remote control functionalities, and improved user experience. We are forward-thinking in incorporating next-generation wireless communication technology into our intelligent solutions. As a key member of the SparkLink Alliance — an industrial alliance committed to promoting innovation in next-generation wireless short-range communication technology — we are at the forefront of developing advanced smart cockpits that adhere to SparkLink's wireless communication standards. We have taken a leading role in formulating four key groups of standards for the SparkLink Alliance, playing a crucial part in shaping and releasing industry standards. Moreover, we are proactively embracing AI technology to further enhance our R&D efficiency. We harness generative AI to optimize coding processes, which offers real-time suggestions, error reduction and streamlined prototyping, and to expedite human-machine interface design tasks.

With an aim to extending our reach to the upstream of automotive intelligence industry's value chain, we are taking initiatives among independent providers of smart cockpit solutions to explore the field of domestic automotive-grade chips. In 2023, we started to collaborate with the NEVC to establish a joint laboratory focused on setting standards for verification, validation and testing of domestic automotive-grade chips. We partner with multiple OEMs to form a joint working group dedicated to providing one-stop automotive-grade chips vertical testing and certification services, covering chip parts level, chip system level, controller level, and entire vehicle level. We formed a company with a leading semiconductor provider in China and other industry partners, dedicated to the R&D of domestic automotive-grade chips.

We have established ourselves as a significant hub of intellectual property within our industry. In 2023, we were recognized as a National Intellectual Property Leading Enterprise by the China National Intellectual Property Administration. In the same year, two of our proprietary technological innovations related to smart cockpit solutions and intelligent vehicle connectivity solutions were acknowledged as internationally leading technologies by the NEVC. As of the Latest Practicable Date, we have applied for 6,034 patents, among which 4,979 are invention patents, accounting for approximately 82.5% of our applications, and we have been granted 1,721 patents as of December 31, 2024, among which 898 are invention patents, accounting for 52.2% of the granted patents.

To bolster our R&D capabilities, we have established R&D centers across major Chinese cities, including Nanjing, Shenzhen, Dalian, Shenyang, Changchun and Wuhan. This strategic deployment enables us to forge close collaboration with automotive OEMs in diverse locations and attract top talent nationwide. As of December 31, 2024, our R&D team comprised 639 specialists, representing 29.7% of our total workforce, among which 85.8% hold a bachelor's degree or above.

Highly Scalable Business Model with Strong Mass Production Capabilities

We deliver industry-leading smart cockpit solutions, integrating software, hardware and cloud-based vehicle connectivity, to meet the diverse needs of our customers. OEMs choose the precise solutions or tailored combinations that align with their unique requirements. This flexibility and adaptability enable us to address a wide range of market demands and expand our market reach effectively. As OEMs' production volumes rise, our business can expand with the rising number of vehicles equipped with our smart cockpit solutions. Moreover, securing an initial order from an OEM frequently paves the way for us to gain additional design wins and series production orders for other models within their lineup. For instance, we began collaborating with Dongfeng Group in 2018 with a focus on telematics services, and jointly developed the first Dongfeng Aeolus WindLink 3.0 intelligent vehicle connectivity system in the same year. This system stands as the industry's pioneering integration that utilizes natural voice for interacting with quick applications. As our cooperation with Dongfeng Group deepens, we have gained insights into their customized needs across R&D, manufacturing and after-sales stages, fostering the successful expansion of our partnership. Since our initial collaboration, we have delivered comprehensive solutions and services to Dongfeng Group for their successive passenger car models across more than ten different brands. This encompasses the design and development of software and hardware solutions, production and assembly, cloud service, as well as operations and maintenance. We also aided Dongfeng Group in its global expansion by tailoring our solutions for international markets through system adaptation, integrating overseas content providers, and ensuring compliance with local regulations. Our cumulative shipment to Dongfeng Group has exceeded 1.1 million units across various brands and car models.

Our proven track record and growing brand reputation have gained us customer trust without servicing a specific car model first. For example, a leading Chinese NEV OEM joined our clientele in 2023 and awarded us design wins for all of their existing and upcoming car models released under their current modular car platform in our initial collaboration. As of the Latest Practicable Date, we had delivered over 193,000 smart cockpit hardware products in aggregate to this OEM customer, which were powered by Qualcomm's Snapdragon 8295 chipset.

Our adaptable business model continues to attract new customers and expand our market share, with revenue from our smart cockpit solutions increasing at a CAGR of 50.5% from 2022 to 2024. Our revenue grows in line with the sales growth of the car models we service, as well as the deployment of our solutions on additional models.

Our scalable business model is reinforced by robust mass production capabilities. To support customer demand and business growth, we have built our production facility in Xiamen, which integrates functions ranging from production process design and supply chain management to production and quality assurance. We utilize a significant number of industrial robots in our production facilities. During the Track Record Period, our Xiamen facility cumulatively produced over 1.9 million units of smart cockpit domain controllers. In addition, we continuously seek to expand our production capabilities to accommodate growing customer demand, and broaden our geographical footprint to optimize procurement expenses. Our new facilities in Liuzhou and Rui'an are under construction. Our Liuzhou facility completed its first-phase construction in May 2024. The maximum annual production capacity of our Liuzhou production center is approximately 150,000 units.

User-centered Solutions Bringing Superior Experience to Drivers and Passengers

We prioritize end-users' needs, aiming to deliver the superior intelligent driving experience. Our smart cockpit solutions offer a seamless experience in various aspects, including smart navigation, intuitive voice commands, 3D display and control, driver monitoring system (DMS), occupant monitoring system (OMS), and multiple-display interactions, among others. Leveraging a layered decoupling approach, our smart cockpit solutions allow for rapid adaptation and customization to meet the diverse needs of different customers.

By providing drivers and passengers with a premium intelligent vehicle experience, we foster win-win cooperation with our automotive OEM customers. A satisfying driving experience powered by our intelligent solutions helps automotive companies attract more potential consumers. This creates a virtuous cycle that promotes our continued development and business growth.

We have gained deep insights into user preferences and have developed the industry’s first in-vehicle voice interaction system in Chinese, according to CIC. This system features swift response time, a high recognition rate, complex semantic comprehension, strong noise resistance, rich in-vehicle functionality, and support for offline multi-zone simultaneous voice interaction. Our smart cockpits powered by Qualcomm’s Snapdragon 8295 chipset enable millisecond-level voice interaction and support offline multi-zone simultaneous voice interaction.

We developed the world’s first intelligent solid-state audio system using a vehicle’s body panel to produce and receive sound in 2021. This innovative system enables individuals outside the vehicle to communicate with those inside or contact drivers, enabling new use cases such as placing calls to drivers who have exited their vehicles, requesting them to move if their cars are obstructing others. This system supports multiple interaction modes, including sound projection through the car body, touch and knock sensing, sound input detection, and phone interactions outside the car. The system has successfully completed proof-of-concept validation on both our internal vehicles and customer models.

We are the industry’s first to support real-time switch between multiple screens within a vehicle using scrolling or gesture recognition and various visual interactions such as face, gesture and fatigue recognition, along with augmented reality navigation. This innovative design and exceptional user experience earned us the “Shanghai Design 100+” award in 2022 and the German iF Design Award in 2022. Moreover, our smart cockpit solutions powered by Qualcomm’s Snapdragon 8295 chipset can display immersive 3D desktops, vehicles, music and other applications on a 4K screen, providing drivers and passengers with 3D multi-display interaction capabilities for up to six 4K screens or 12 2K screens.

With superior product design and user experience, the number of monthly active user of the services empowered with our solutions and services amounted to approximately 1.15 million in December 2024. To further enhance the user experience, we have deepened our cooperation with third-party content and other service providers. We integrate relevant applications into our systems and develop customized in-vehicle entertainment options, such as karaoke and in-vehicle mobile games, enriching the in-vehicle experience and delivering superior user satisfaction.

Strong Ability to Leverage Diverse Resources

As a key participant in the automotive intelligence industry, we have forged mutually beneficial partnerships across the industry value chain:

- *SoC solution providers*: We collaborate with leading SoC solution providers, such as Qualcomm, to enhance our system’s versatility. We have a strategic partnership with Qualcomm and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset. These solutions have secured design wins for mainstream models. We have also released a prototype of our flagship all-in-one-box centralized integrated vehicle mount computer powered by Qualcomm’s Snapdragon 8295 chipset. It allows in-house customization by customers, and enables collaborative development with algorithm companies.

- *Operating system providers*: Our collaboration with BlackBerry has led to the development of smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. These solutions aim to offer drivers a more personalized and interactive intelligent driving experience, enabling innovations such as secure data access across multiple vehicle domains, edge computing, and over-the-air updates. These solutions have been implemented in multiple models for brands like Voyah and Avatr.

- *Automotive OEMs*: By collaborating closely with OEMs, we gain insights into market demands and tailor our solutions to meet specific industry needs effectively. For instance, in 2022, we signed an R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We believe these strategic partnerships streamline the validation process required for participation in automakers' model design and contract acquisition, providing a solid foundation for subsequent mass production.

Our strategically valuable shareholder base lays a solid foundation for our long-term and stable development. Our shareholders include Chinese OEMs such as Dongfeng Group, China FAW Group Corporation and local state-owned asset investment arms such as Shanghai Guosheng. We have also attracted reputable industrial investors like Xiaomi Corporation and Jinggangshan Beiyuan VC. This robust shareholder base supports our future business growth, helping us expand our market share and solidify our market leadership. We have established strategic partnerships with some of our shareholders. As a longstanding strategic supplier to Dongfeng Group, we have received their Annual R&D Contribution Award three times. In 2020, we co-founded the Dongfeng Innovation Design Center in Nanjing, fostering strategic cooperation focused on R&D synergy to advance the development of Dongfeng's intelligent vehicles. In 2020, we entered a cooperation agreement with FAW Group and jointly established the Tianquan Intelligence Laboratory, aiming to develop next-generation smart cockpit solutions through joint innovation in areas such as domain controllers, automotive-grade operating system, vehicle connectivity applications, and in-vehicle big data applications.

To support our business operations and future expansion, we maintain strategic relationships with mainstream domestic financial institutions. In March 2024, we entered into several strategic cooperative agreements with seven commercial banks, under which these banks agreed to make available to us indicative credit facilities in an aggregate amount equal to RMB19 billion, subject to regulatory requirements and the customary credit policies of such banks. This financial backing ensures our operational stability and sustainable development.

Highly Respected and Industry Renowned Founder and Experienced Senior Management

We are led by our founder and chairman of the Board, Mr. Ying, renowned for his visionary leadership and around 15 years of industry experience in automotive intelligence. His extensive expertise provides clear leadership and strong assurance for achieving our mission, strategies, and business objectives. Mr. Ying's leadership is widely recognized within the industry. He was recognized as the deputy director of the Expert Committee by the National Quality Supervision and Inspection Center for Intelligent Connected Vehicles (Tianjin) (國家智慧網聯汽車品質監督檢驗中心(天津)專家委員會) in September 2018, as a member of the

Expert Advisory Committee of the Shanghai National New-Generation Artificial Intelligence Innovation and Development Pilot Zone (上海國家新一代人工智慧創新發展試驗區專家諮詢委員會) in the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會) in August 2019, as a member of the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會) in March 2020, and as the vice president of the Fourth Council of Shanghai Entrepreneur Association (上海市企業家協會第四屆理事會) in March 2021. In 2023, Mr. Ying was named the 2021-2022 Shanghai Outstanding Entrepreneur (2021-2022年度上海市優秀企業家), and in 2024, he received the Shanghai May 1st Labor Medal (上海市五一勞動獎章).

Our management team is also composed of experienced leaders passionate about our vision and mission. Mr. Zhang Yi, our deputy general manager and vice executive president of the intelligent manufacturing department, previously served as the executive deputy general manager of a domestic Tier-1 supplier. Mr. Lai Weilin, our executive director and deputy general manager, has over 19 years of experience in business development and previously worked at Freescale Semiconductor (China) Ltd., where he was responsible for R&D, pre-sales support and sales. Mr. Zhang Jie, vice president of our R&D group, brings over 18 years of experience in the automotive industry. Prior to joining us, he held significant roles as director of a Chinese OEM's intelligent department, the general manager of Chang'an Auto Software Science and Technology Co. Ltd., the deputy director of Chang'an Auto Research Institute and the chief technology officer of Aiways Automobiles.

OUR GROWTH STRATEGIES

Our business objective is to further enhance our competitive advantage in offering smart cockpit solutions and intelligent vehicle connectivity solutions to the surging automotive intelligence market. Key elements of our strategies include:

Expand Our Market Share and Solidify Our Industry Leadership

We are committed to broadening our customer base and enhancing our collaborations with key customers, particularly Chinese OEMs in the NEV sector. Our primary goal is to secure more design wins for smart cockpit solutions from both existing and new customers, thereby increasing our sales volume and enlarging our market share.

Further, to enhance our mass production capabilities in support of our business growth, we are advancing the construction of our production site in Rui'an, and exploring nationally strategic locations for new production facilities.

Continuous Innovation to Capture Industry Development Opportunities

With the rapid progression of automotive intelligence, we anticipate that automotive domain controllers will integrate car body, driving, and cockpit domains, progressively transitioning towards a centralized computing platform for the entire vehicle. In response to this industry shift, we are proactively enhancing our R&D in high-performance central computing platforms to align with the trend towards a centralized architecture, thereby strengthening our technological capabilities and capturing industry development opportunities.

We are actively exploring collaborative opportunities in intelligent vehicle technology innovations, such as employing AI large language models in human-device interactions within smart cockpits, interactions between smart cockpits and the cloud, and autonomous driving technologies.

To maintain our industry-leading position, we plan to attract top-tier talent from the global talent pool to continue our innovation efforts, including, among others, the development of centralized computing platform, in-vehicle operating systems, and automotive-grade chips.

Deepen Overseas Expansion and Build an Internationally Recognized Brand

We aim to fortify strategic relationships with our customers, especially international automotive OEMs, and replicate our success with Chinese OEMs on a global scale.

We intend to expand our presence in overseas markets and enhance our brand recognition. We have formulated plans to extend our smart cockpit business into established automotive markets, such as Europe, and to set up sales and R&D functions in key overseas locations. This global expansion will allow us to better serve international customers and establish ourselves as an internationally recognized brand.

Integrate Industrial Resources and Cultivate a Comprehensive Industrial Ecosystem

By strengthening our collaborations with automotive OEMs, suppliers of SoC, operating systems, and parts for automotive intelligence, as well as other industrial ecosystem partners, we aim to accelerate product upgrades, iterations, and new product launches, and co-develop a smart cockpit industrial ecosystem.

Moreover, to further solidify our industry leadership, we will actively seek opportunities to invest in or acquire high-quality targets that offer significant potential synergies, robust R&D capabilities, and sound financial conditions.

Enhance Operational Efficiency and Optimize Production Management Processes

We are committed to further optimizing our production processes and enhancing production efficiency by continuing to invest in manufacturing automation. Additionally, we plan to strengthen our supply chain management to enhance its security and stability. We will deepen our cooperation with existing suppliers and establish relationships with additional leading suppliers, including SoC suppliers, operating system providers, and content providers.

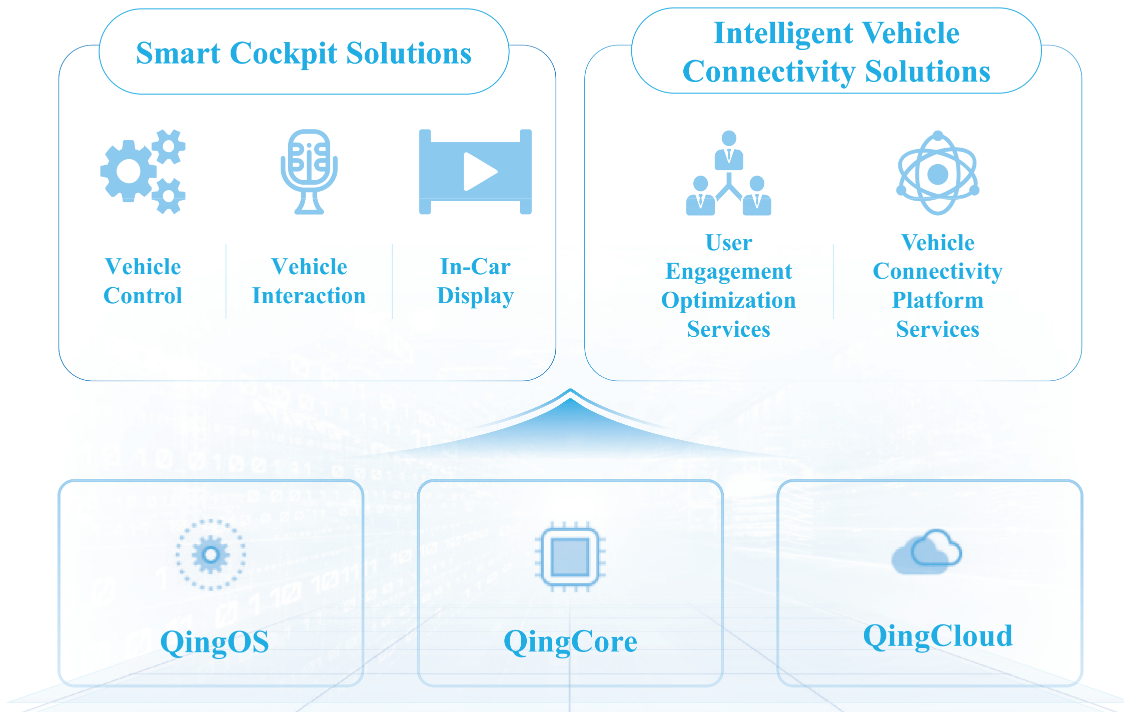
OUR OFFERINGS

We are a smart cockpit and intelligent vehicle connectivity solution provider in China. We offer OEMs and Tier-1 suppliers comprehensive smart cockpit and intelligent vehicle connectivity solutions that enhance vehicle intelligence, driving safety, convenience and connectivity for both drivers and passengers.

- **Smart cockpit solutions**. We develop smart cockpit solutions and products for OEMs and Tier-1 suppliers leveraging our core vertical integrated competencies in product design and development, function development, and in-house production. Smart cockpit solutions are enabled by the domain controller and a number of other devices connected to it, including displays, T-Box, cameras, microphones, speakers, wires, and antennas. Empowered by various software, operating systems and applications, the domain controller integrates functions including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, DMS, OMS, infotainment, and connectivity with other devices and networks. Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers and other cockpit components, such as display screens and software, separately. We also provide R&D services to a variety of customers, such as OEMs with proprietary cockpit platforms, Tier-1 suppliers, in-vehicle application providers and other participants in the intelligent automotive industry, transforming their conceptual requirements for smart cockpit hardware and software, including operating systems, application software and cloud-based software, into reality. Our R&D services enable our customers to enhance smart cockpit functionality and enrich the intelligent vehicle ecosystem.

- **Intelligent vehicle connectivity solutions**. We primarily provide OEM customers with intelligent vehicle connectivity solutions, including user engagement optimization services and vehicle connectivity platform services. Our user engagement optimization services encompass user support through customer service centers, user engagement and ecosystem management, which assist OEMs to engage vehicle owners and promote their brand value. Our vehicle connectivity platform services focus on maintenance for vehicle connectivity platforms — whether developed by OEMs or by us — to enhance their stability, performance, system and data security, and adaptability to evolving business needs.

Our offerings are underpinned by our advanced in-house infrastructure: QingOS, our automotive-grade operating system, QingCore, our in-vehicle intelligent hardware platform, and QingCloud, our cloud service platform. For details, see "— Our Core Infrastructure and Technologies — Our Core Infrastructure." The following diagram illustrates the key components of our core offerings and infrastructure:



We offer smart cockpit solutions and intelligent vehicle connectivity solutions as two distinct businesses. Our OEM and Tier-1 customers can choose either solution individually or both, depending on their needs. With strong R&D capabilities, solid technology infrastructure and in-depth operation experience in both smart cockpit and vehicle connectivity, we have successfully created a synergy between these two businesses. We had 11 customers that purchased both our smart cockpit solutions and intelligent vehicle connectivity solutions in each of 2022, 2023 and 2024, contributing to RMB1,031.9 million, RMB929.4 million and RMB921.0 million, which accounted for 84.7%, 62.1% and 36.0% of our total revenue, respectively.

During the Track Record Period, we generated a substantial portion of our revenue from smart cockpit solutions and the revenue from this business continued to grow both in absolute amount and as a percentage of our total revenue. Meanwhile, we continued to serve major OEM customers with our intelligent vehicle connectivity solutions and maintained a stable scale of this business. Additionally, we generated a small portion of our revenue from other sources, primarily from sales of automotive-grade chips, either for our own trading purpose or as commissioned by certain OEMs. We do not consider sales of chips as our core business, and our revenue from this source significantly reduced from 2022 to 2024. We plan to further reduce sales of chips over the next five years. The following table sets forth a breakdown of our revenue by offering of products and services for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Smart cockpit solutions						
Domain controllers[(1)]	674,302	55.4	784,850	52.4	1,959,008	76.6
Cockpit components[(2)]	238,284	19.6	208,829	14.0	158,507	6.2
R&D services	165,963	13.6	358,719	24.0	323,893	12.7
Subtotal	**1,078,549**	**88.6**	**1,352,398**	**90.4**	**2,441,408**	**95.5**
Intelligent vehicle connectivity solutions	89,326	7.3	122,370	8.2	110,228	4.3
Others[(3)]	49,882	4.1	21,049	1.4	5,367	0.2
Total revenue	**1,217,757**	**100.0**	**1,495,817**	**100.0**	**2,557,003**	**100.0**

Notes:

(1) Consist of domain controllers and modules sold to our customers. The modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

The following table sets forth a breakdown of our gross profit and gross profit margin by offering of products and services.

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
Smart cockpit solutions						
Domain controllers[1]	44,588	6.6%	36,515	4.7%	143,604	7.3%
Cockpit components[2]	32,012	13.4%	17,277	8.3%	10,921	6.9%
R&D services	58,586	35.3%	150,050	41.8%	121,257	37.4%
Subtotal	**135,186**	**12.5%**	**203,842**	**15.1%**	**275,782**	**11.3%**
Intelligent vehicle connectivity solutions	15,126	16.9%	25,505	20.8%	24,328	22.1%
Others[3]	20,810	41.7%	1,741	8.3%	892	16.6%
Total	**171,122**	**14.1%**	**231,088**	**15.4%**	**301,002**	**11.8%**

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

SMART COCKPIT SOLUTIONS

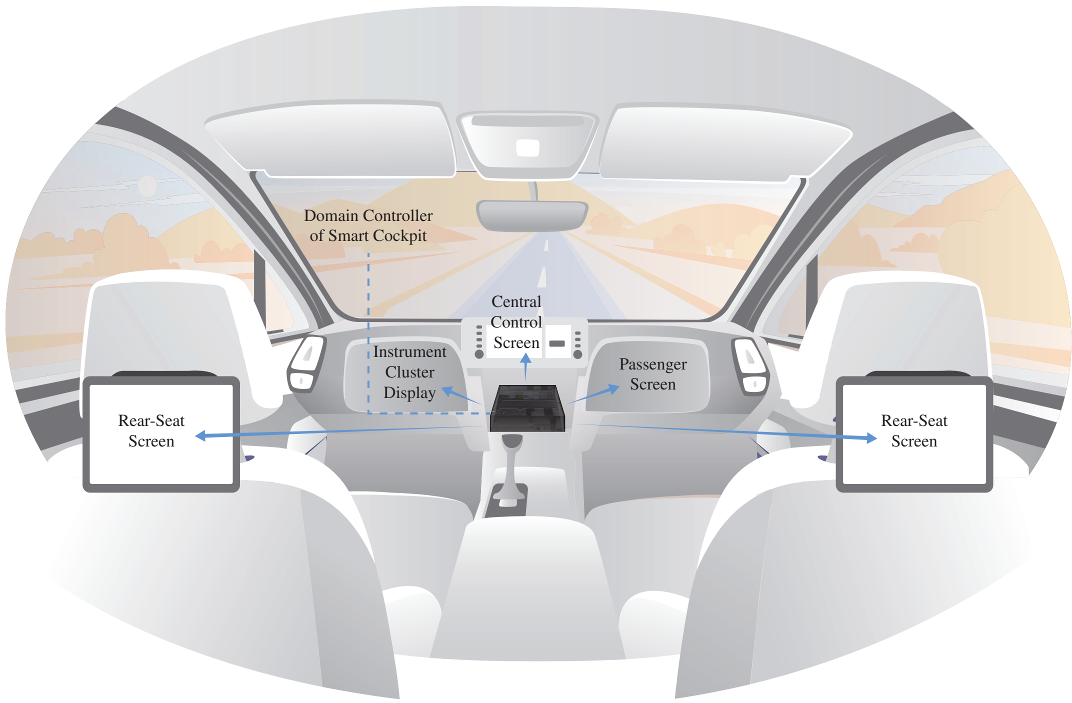
Our customers have the flexibility to choose an integrated solution, combining domain controllers deployed with our operating system and various hardware components like display screens and other devices assembled by us, tailored to their vehicle's design. Alternatively, some customers opt to purchase from us domain controllers and other cockpit components, such as display screens and software, separately. In 2022, 2023 and 2024, the revenue generated from software-hardware integrated smart cockpit solutions accounts for 86.6%, 69.8% and 39.9% of our total revenue from smart cockpit products (consisting of domain controllers and cockpit components), respectively. The decrease in this percentage was primarily because a couple of our major customers in 2024 purchased a significant amount of domain controllers without our operating systems and application software.

The process of provision of our smart cockpit solutions is illustrated as follows:

We operate as a smart cockpit solution provider in the automotive industry value chain. We source key raw materials and components, including SoCs, other automotive-grade chips, various types of modules, PCBs, software, displays, and other devices for our solutions, from upstream suppliers. Our core activities encompass in-house design and development of domain controllers, test and validation, production and assembly, quality assurance and after-sales services, and OTA. This end-to-end involvement demonstrates the value we bring to OEMs and Tier-1 suppliers, as well as the end users of the smart cockpit products. Downstream, our solutions reach the consumer market through two primary channels. We supply solutions and products directly to OEMs, collaborating closely with them to customize and integrate our solutions and products into their vehicle models. We also provide products to Tier-1 suppliers, who incorporate them into their own offerings before supplying OEMs. We have the capability to conduct independent hardware design and development of software, including underlying software, operating system and application software, to provide flexible and customized products and solutions based on the demands of OEM clients, which differentiates us from integrators who merely assemble hardware and software procured from suppliers based on OEM specifications without in-house R&D capabilities.

Major Components of Our Smart Cockpit Solutions

Our smart cockpit solutions are centered on domain controllers, which are our principal products connecting multiple cockpit devices, including displays, cameras, microphones, and radios. The following diagram illustrates the major hardware components of our smart cockpit solutions.



Domain Controller

The modern automotive electrical/electronic ("E/E") architecture is typically divided into five functional domains, cockpit, powertrain, vehicle body, chassis and autonomous driving, and each domain is controlled by a domain controller. We develop and produce smart cockpit domain controllers which interact with other domains, by sending instructions to or obtaining information from domain controllers of other domains and displaying relevant information on the displays in the cockpit. Our OEM customers specify the overall in-vehicle electrical and electronic architecture, which determines how information is transmit among the smart cockpit domain controller and other domains.

For instance, the domain controller of smart cockpit interacts with vehicle body by converting voice commands or screen taps into instructions, and transmitting them to the vehicle body, which then executes the action, and screens of the smart cockpit display the result. This enables the domain controller to control functions such as air conditioning system, seat adjustments and control of windows, doors, and the front and rear trunks. Similarly, the smart cockpit domain controller interacts with autonomous driving domain when the driver engages ADAS for automatic parking assistance ("APA"), automatic emergency braking and lane departure warning. The domain controller of smart cockpit receives information from the autonomous driving domain and displays real-time autonomous driving data, including vehicle positions, object detection, lane information and safety warnings, on the screens.

From the hardware structure perspective, the cockpit domain controller consists of a main SoC and peripheral circuits. The peripheral circuits include communication chips (such as Ethernet switch chips), memory chips, audio and video transmission chips, power management chips and other chips. We mainly purchase these chips from suppliers, for producing our domain controllers. We also purchase modules to assemble our domain controllers, primarily including SoC modules, which enhance processing and performance capabilities; network communication modules, providing network connectivity; Global Navigation Satellite System ("GNSS") modules, offering positioning capabilities; digital audio broadcasting ("DAB") modules for receiving digital audio broadcasts; and Bluetooth & Wi-Fi modules.

Domain Controllers by the Type of SoCs

The computing power of the main SoC deployed in a domain controller determines the data processing capacity, processing speed, and image rendering capability of the smart cockpit domain controller. This, in turn, affects the number of display screens, operational smoothness, and visual richness within the cockpit, ultimately shaping the overall intelligent experience of the cockpit space. We produce domain controllers equipped with high-end, mid-end, and low-end SoC modules cater to various performance and cost considerations, making smart cockpit solutions accessible across a wide range of vehicle models.

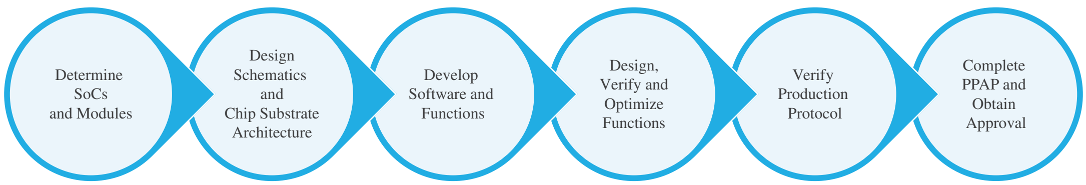
The following table sets forth certain characteristics of our domain controllers based on the type of SoCs integrated into them:

	High-End SoC Domain Controller	**Mid-End SoC Domain Controller**	**Low-End SoC Domain Controller**
Representative SoCs	Snapdragon 8295P and Kirin 9610A	Snapdragon 8155P and MTK8670	Qualcomm 6125
Computing power	230K DMIPS	105K DMIPS	58K DMIPS
Hardware Specification (Maximum Configuration)			
Video input capabilities	16 HD camera signal inputs	16 HD camera signal inputs	Six camera signal inputs
Video output capabilities	12 HD screens, including vehicle control screen, rear-seat infotainment screen, instrument cluster, augmented reality head-up display ("ARHUD") and windshield head-up display ("WHUD")	Six HD screens, including vehicle control screen, passenger screen, instrument cluster and ARHUD	Two 1080p video signal outputs
Main Feature			
Audio	• Eight channels of 25W analog audio output, including for Acoustic Vehicle Alerting System ("AVAS") • External in-vehicle audio bus digital audio amplifier and microphone input • FM/AM reception • Five microphone signal inputs	• Eight channels of 25W analog audio output, including for AVAS • External in-vehicle audio bus digital audio amplifier and microphone input • FM/AM reception • Four microphone signal inputs	• Multimedia player, including for AVAS
Connectivity	• 1000 Mbps Ethernet • Two Controller Area Network (CAN) or Controller Area Network Flexible Data Rate (CAN FD) interfaces, and one LIN interface • Connectivity with smartphones, such as Carplay and Android Auto	• 1000 Mbps Ethernet • Two CAN or CAN FD interfaces • MFi certification capability to support connectivity with smartphones, such as Carplay	• 4G network connectivity • CAN

	High-End SoC Domain Controller	Mid-End SoC Domain Controller	Low-End SoC Domain Controller
Driver assistance	• Driving video recorder (DVR) and driver monitoring system (DMS) • Multimodal interaction functions combining voice commands with either eye tracking or gesture recognition	• DVR and DMS • Multimodal interaction functions combining voice commands with either eye tracking or gesture recognition	• DVR and DMS • Online voice recognition function
Others	• Built-in 360-degree surround view • HD single-camera reversing • Analog signal input/output, supporting power supply and management for screens and cameras	• Built-in 360-degree surround view • HD single-camera reversing • Analog signal input/output, supporting power supply and management for screens and cameras	• Built-in 360-degree surround view • HD single-camera reversing

Pre-production Processes of Domain Controllers

We purchase chips, modules, PCBs and adapters, among others, from external suppliers to assemble domain controllers in our production facilities. The following diagram illustrate our design and development process, demonstrating how we add features to craft the component into mass-producible domain controllers. Certain process may be omitted based on the customer's specific needs.



- *Determine SoCs and modules*. Our design process begins with proactive communications with OEMs to determine chips and modules that best meet their requirements and application scenarios. OEMs often specify SoCs based on the computing power required to support functions of their specific vehicle model. Sometimes, we select appropriate SoCs and modules with functionalities satisfying OEMs' requirement. Leveraging our in-house test and verification capabilities, we develop technically robust solutions that align with OEM requirements while ensuring strong market competitiveness.

- *Design schematics and chip substrate architecture*. We design schematics and chip substrate architecture tailored to OEM specifications, considering the advantages and limitations of each SoC and module. Given the complex automotive environment, we conduct rigorous tests, focusing on thermal management, EMC and highway signal quality, ensuring optimal performance in real-world conditions.

- *Develop software and functions*. Based on SoCs, we develop software across multiple layers, including (i) underlying software (including BSP, hypervisors and hardware drivers), (ii) operating system, and (iii) user-facing application software, pursuant to OEMs' specific requirements. Integrated into the hardware, the software enables various functions, including vehicle control, navigation and entertainment among others. Occasionally, we utilize open-source software in our development process.

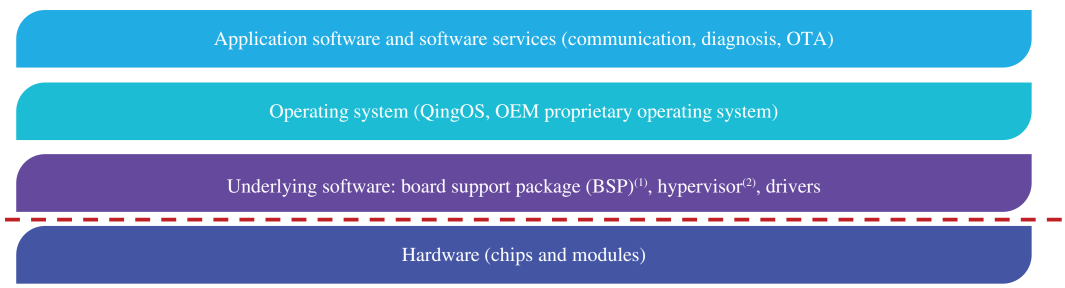
- *Design, verify and optimize functions*. We conduct a comprehensive series of design verification tests, including performance evaluations, complex environmental testing, EMC testing, hazardous substance assessments and real-world road tests, to ensure the performance and reliability of our domain controllers. Throughout this process, we continually optimize the functions to achieve greater efficiency and functionality.

- *Verify production protocol*. We carry out extensive production verification tests, including rigorous assessments of production fixtures, gauging tools and overall production quality to ensure the protocol is ready for large-scale production.

- *Complete PPAP and obtain approval*. After completing all development, improvement and verification efforts, we enter the production part approval process (PPAP) to secure formal approval from customers for the mass production of our domain controllers.

Software

Leveraging our robust R&D capabilities, we independently develop most of the software components, which include both platform-based modules deployable on all vehicle models across the OEM's vehicle platform and those tailored to specific vehicle models. These components cover nearly all core software functionalities of our smart cockpits. The following diagram demonstrates the various layers of the software components on our smart cockpit domain controllers.



Notes:

(1) In the context of a SoC, BSP is like a "starter kit" of essential software that helps the operating system communicate directly with the specific hardware on the SoC.

(2) A hypervisor is a specialized software layer that allows different systems to run independently on a single main compute unit inside the vehicle, enabling multiple systems to share the same hardware resources securely and efficiently.

Our software, tailored to various vehicle platforms and models, encompass underlying software (including BSP, hypervisors and hardware drivers), operating system, and user-facing application software. Customers have the option to purchase all software components of a smart cockpit or to purchase our underlying software together with domain controllers while developing their own operating system and user-facing applications on their own. When we serve as a Tier-1 supplier for OEMs, we are typically engaged to develop highly customized software.

OEM customers provide us with their customization requirements, including a list of functionalities and performance criteria, along with necessary technical documents. Based on these requirements, we design the human-machine interface (HMI), functional implementation plan, system design, and project timeline. These designs are then submitted to the OEM for review. Upon approval, we proceed with software development. We typically adopt an iterative software development approach, setting delivery milestones and delivering software packages in stages for OEM testing and acceptance. Once all functional requirements have been tested and approved by the OEM according to the development plan, we release the final software package, along with any required process documentation. Our customized software can be deployed across multiple vehicle models, depending largely on whether the OEM's E/E architecture is standardized across these models. If the architecture and functional requirements are consistent, a single software solution can be used for multiple vehicle models.

Below is a summary of how we develop different types of software equipped on our domain controllers.

- *Underlying software*. The SoCs that we procure usually are furnished a set of basic BSP, based on which we customize and upgrade the drivers to control the hardware elements in the smart cockpit, such as the displays and network communication. We primarily use QNX Hypervisor to develop and test the hypervisors for our smart cockpit domain controllers.

- *Operating system*. We offer OEMs smart cockpit solutions powered by QingOS, our self-developed automotive-grade operating system that offers versatility across various car models and can be easily tailored to meet diverse customer requirements. QingOS is developed based on basic software platforms, such as Android and BlackBerry QNX.

- *Application software*. Based on QingOS platform, we have developed our proprietary software to manage certain vehicle control and vehicle hardware functions. Our software implements interior lighting and air conditioning control, door and window control, driver preference recording, and driver safety monitoring. For certain modules, such as vehicle alarms, driver assistance, and the 360-degree camera system, we collaborate with suppliers in the development process. For example, algorithm suppliers develop algorithm SDKs based on specific needs of each project. Leveraging these algorithm SDKs, we develop and integrate HMI and middleware, ultimately delivering the functional modules to our customers. Additionally, we develop interfaces for, or directly integrate, certain user-facing application software, such as navigation, live traffic update, weather, news, music, and entertainment software, based on SDKs and Android package kits (APKs) provided by suppliers. We pay these suppliers license fees for the use of their software in our smart cockpit products.

Cockpit Components

Our smart cockpit solutions also integrate other hardware, such as display screens, T-Box, microphones, speakers, wires, and antennas, as well as software including operating systems and application software that are purchased separately by customers from our domain controllers. OEM and Tier-1 customers may request us to provide hardware components together with our domain controllers to improve the efficiency during vehicle assembly. To meet this type of demand, we purchase the additional hardware materials from suppliers according to the customers' requirements and integrate them into our smart cockpits.

Displays

We provide a range of advanced displays, including instrument clusters, infotainment screens and passenger screens.

- *Instrument cluster*. The instrument cluster is a digital display located behind the steering wheel. It provides the driver with essential information such as speed, electricity level, engine temperature, and navigation directions.

- *Infotainment screen*. The infotainment screen is the central hub for the vehicle's entertainment and information systems, usually located in the center console. It provides access to multimedia functions, navigation, smartphone integration, and vehicle settings. Our infotainment screen supports touch input, voice commands, and gesture controls, making it easy to use while driving. It can also display real-time information such as traffic updates, weather forecasts, and vehicle diagnostics, enhancing the overall driving experience.

- *Passenger screens*. The passenger screens allow passengers to control various vehicle settings and entertainment options, without distracting the driver.

We source display panels and cover plates from external suppliers and combine them with our in-house manufactured driver circuit board. Using proprietary designs, we effectively addressed complex technical challenges faced by display providers, such as light leakage, component adaptability and visually seamless appearance. These designs enhance hardware performance, improve control efficiency and optimize cooling, contributing to reliable display products. After final products are produced, we conduct rigorous functional test and verification to ensure the displays meet our high standard. Only after passing these thorough assessments will we put the displays into mass production and integrate them into our smart cockpits solutions. In 2021, we became the industry's first to support real-time switch between multiple screens within a vehicle using scrolling or gesture recognition and various visual interactions such as face, gesture and fatigue recognition, along with augmented reality navigation. This innovative design and exceptional user experience earned us the "Shanghai Design 100+" award in 2022 and the German iF Design Award in 2022. Moreover, our smart cockpit solutions powered by Qualcomm's Snapdragon 8295 chipset can display immersive 3D desktops, vehicles, music and other applications on a 4K screen, providing drivers and passengers with 3D multi-display interaction capabilities for up to six 4K screens or 12 2K screens.

T-Box

During the Track Record Period, we primarily provided 4G T-Boxes. We procure chips and components from suppliers to produce our T-Boxes in-house.

Our 4G T-Box equipped with a 4G mobile communication module functions as a wireless router, seamlessly connecting vehicles, telematics service providers (TSPs), and the internet, enabling users to have remote access and control of the vehicle. It also provides effective security measures for the vehicle and offers data pathways for remote OTA (Over-the-Air) upgrades of each ECU in the vehicle.

With the independent power supply in NEVs, there is a trend of integrating the communication functions previously performed by a T-Box into the domain controller in vehicle cockpits. As chip processing power increases, this approach not only meets communication requirements and integrates T-Box functionality but also helps control costs.

R&D Services

OEM and Tier-1 customers engage us to conduct R&D services to develop smart cockpit hardware and software customized for their vehicles, as well as mass production of such product afterwards. Additionally, we offer stand-alone R&D services to a diverse range of customers, including OEMs with proprietary cockpit platforms, Tier-1 suppliers, in-vehicle application providers and other participants in the intelligent automotive ecosystem.

Our R&D services cover software design and development, hardware design and development, and the development of vehicle connectivity platforms, either individually or in combination.

(i) *Domain controller R&D*. We offer system design, structural design, circuit design, prototype production and testing for domain controllers. Based on OEM customers' functional requirements, we work closely with them to determine cost-effective SoCs and, considering the performance of these SoCs and the customer's needs, design the related circuits and architecture. We create the drivers for the hardware and implement the basic functions of the operating system according to the hardware design and OEM customers' functional requirements (typically to provide functional interface support for upper-layer software). This ensures our domain controller's compliance with the OEM customers' electrical performance requirements and the functional needs of upper-layer software development.

(ii) *Software R&D*. Based on the functional requirements provided by OEM customers, as well as the smart cockpit hardware and underlying software supplied by the OEM or other suppliers, we offer customized upper-layer application software and middleware development. The typical development projects include interface development, navigation software development, online multimedia software development, local multimedia software development, smart cockpit system software development and vehicle control and configuration software development. Based on customer requirements, our typical software design and development involve certain processes, including HMI interaction design, software functional specifications design, detailed design, coding, and testing.

Additionally, we develop cloud-based software enabling vehicle connectivity tailored to the needs of OEMs based on their specification of requirements. The vehicle connectivity software that we developed for OEM customers typically encompass the following functions: (i) equipment connection, which manages the connection between in-vehicle hardware and cloud-based servers; (ii) TSP, enabling vehicle status monitoring, vehicle alarms, remote control, remote diagnostics, and Bluetooth keys; (iii) monitoring status of vehicles and providing timely notification of overheated battery or other malfunctions of NEVs; (iv) OTA, allowing OEMs to deliver remote software updates directly to vehicles without the need for an on-site visit for manual updates; (v) AI-enabled personalization, enabling various vehicle connectivity functions based on user behavior and preference; and (vi) apps and services within the ecosystem surrounding vehicles.

We believe that our R&D services are an integral part of our smart cockpit solution business and benefit us in two ways. Firstly, we are able to expand our customer base and source of income. It provides us with the opportunity to showcase our R&D capabilities to OEMs, which we believe would deepen our cooperation with OEMs. Secondly, we can also gain insights into requirements and product specifications of OEMs. For the year ended December 31, 2022, 2023 and 2024, our revenue generated from smart cockpit R&D services was RMB166.0 million, RMB358.7 million, and RMB323.9 million, respectively, accounting for 13.6%, 24.0% and 12.7% of our total revenue, respectively.

We charge R&D service fees on a project basis, taking account into (i) our labor costs for all personnel involved in a specific project, typically including engineers of hardware development, software development, testing, and quality management; (ii) our non-labor related expenses, typically including costs for prototype development, mold expenses, and third-party testing for certification; and (iii) costs associated with the use of our intellectual properties. We recognize all the revenue from R&D services when the project was completed and deliverables are accepted by customers. If the smart cockpit solutions developed by us in these projects enter the mass production stage, we generated revenue from the smart cockpit solutions based on the shipment volume, which is separate from the R&D service fees we charged.

Core Functions

Our smart cockpit solutions offer more than just basic vehicle information like vehicle speed, revolutions per minute ("RPM"), fuel level, battery level and engine temperature. We provide highly interactive functionalities such as voice commands, gesture control and eye tracking, aligning with the growing prevalence of ADAS features. Additionally, our solutions seamlessly integrate with the in-vehicle infotainment systems and the heads-up displays, enhancing user experience and safety.

The core functions our smart cockpit solutions offer include:

Vehicle Interaction and Control

We utilize natural language understanding to enable conversational and intuitive voice control for vehicle interactions. In various in-vehicle scenarios, our solutions demonstrate outstanding capabilities in voice wake-up, speech recognition, and speaker identification. Major activation words achieve an activation rate of over 95%, with an average response time of less than 350 milliseconds, placing us at an industry-leading level, according to CIC. In addition, our solutions exceed 98% accuracy in locating the sound source and maintain a recognition rate of over 97% for online speech. With advanced speech recognition functionality, users enjoy a hands-free and intuitive driving experience, allowing drivers to stay focused on the road while effortlessly managing in-vehicle systems.

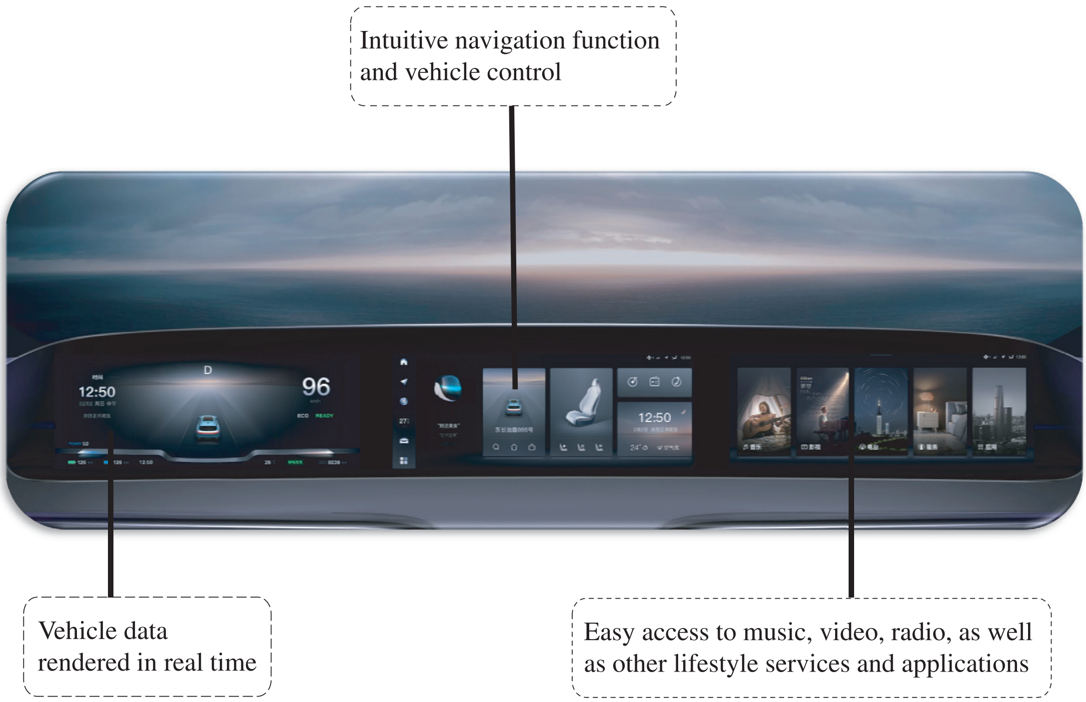
Route Navigation

We utilize GPS and real-time traffic data provided by mapping service providers to provide accurate route guidance, helping drivers avoid congestion and reach their destinations faster. Our smart cockpits support voice-activated controls, allowing drivers to input destinations and receive directions without taking their hands off the wheel.

Information Display

The instrument cluster serves as the central display unit in a vehicle, providing vital information to the driver regarding driving metrics, vehicle status, entertainment options, and navigation assistance. We utilize real-time rendering to ensure that visual elements are updated instantly, providing the driver with up-to-date information. Through a three-dimensional visual interface, drivers can access critical information about the vehicle's status, navigation and entertainment features in an immersive manner. By incorporating depth and dimension into the display, our system enhances visibility and accessibility, allowing for more engaging and user-friendly interaction.

The instrument cluster, control panel, and infotainment display are seamlessly integrated into one unified screen



- *Vehicle driving information display*: It provides real-time data on speed, fuel levels, battery levels, temperature, and other essential driving metrics for the driver's reference, designed to enhance guidance and safety.

- *ADAS driving status display*: It shows active safety system alerts, such as lane departure warnings or collision avoidance system status, to assist drivers in monitoring their driving environment.

We offer a seamless and intuitive interface by integrating multiple high-resolution displays throughout the vehicle cabin. With multi-display interactions, users can effortlessly access and control various infotainment, navigation, and vehicle settings from different vantage points within the vehicle. This function enables simultaneous display of relevant information across multiple screens, facilitating fluid and efficient interaction with the vehicle system.

Infotainment

We support an array of entertainment functions, offering consumers an engaging and interactive in-vehicle experience.

- *Entertainment content*: From an extensive library of movies, TV shows and sports events to educational content and live streaming, passengers have access to a rich variety of video entertainment. Our infotainment function offers a diverse selection of music genres, playlists, and karaoke options, interactive gaming experience, online shopping and other entertainment selections, enabling passengers to enjoy leisure during their journey.

- *Premium sound*: Our domain controller typically integrates certain key components of the audio system, including hardware and software for audio strategy, noise reduction, echo cancellation, and sound effects. Our solutions employ zonal audio technology, creating personalized sound zones within the vehicle for passengers to enjoy tailored audio settings. It features active noise cancellation to monitor and suppress unwanted sounds, along with echo cancellation for hands-free calls, enhancing overall clarity and communication.

We typically source infotainment content and services from a variety of third-party providers and integrate them into our solutions. The associated costs are generally incurred when these suppliers charge us (i) a one-time licensing fee; or (ii) non-recurring expenses and fees based on the number of vehicles utilizing the relevant content or services. We generally charge OEMs service fees for these content and services.

Safety Monitoring

Our solutions are designed to promote safer driving practices.

- *DMS*: Our system enhances driving safety by evaluating the driver's fatigue state and attention level, and identifying dangerous behaviors, helping the driver stay alert and aware of their surroundings. Our system can use facial recognition technology to identify different drivers, allowing it to adjust each driver's previously set preferences and improve the driving experience. Additionally, it evaluates fuel consumption, tracks vehicle location and routes, and monitors usage-based insurance ("UBI") data.

- *OMS*: By utilizing advanced sensors and AI algorithms, the OMS continuously monitors the vehicle's occupants, enhancing safety and comfort. It is designed to detect and analyze various parameters, including passenger presence, seating position, gesture, and even emotional states. This information allows the system to adjust settings such as air conditioning, seat positioning, and even seat modes for each individual occupant. Moreover, the OMS improves safety by identifying unattended passengers, children left in the vehicle, or items left behind.

- *AVM*: Using four external cameras connected to the smart cockpit (arranged around the vehicle in the front, rear, and sides), our system captures images of the environment outside the vehicle. Utilizing a surround view algorithm, it stitches together the images from the four cameras to create a 360-degree view of the vehicle's surroundings from a top-down perspective, which is displayed on the central control screen, providing the driver with a more intuitive indication of the surrounding environment. Additionally, it can support alerts for approaching obstacles and other warning information.

- *DVR*: Using an external front-facing camera connected to the smart cockpit, the system records driving footage and stores it either in the built-in storage of the smart cockpit or on an external USB drive. It also features functions for playback of the recorded footage and photo capture.

Connectivity

Our system integrates an intelligent vehicle with external networks and devices:

- *Connectivity with smart devices*: We offer seamless connectivity with smart devices, allowing consumers to integrate their smartphones and Internet of Things (IoT) devices such as wearables with the vehicle's systems. By enabling communication and data exchange between devices, consumers enjoy a connected and personalized driving experience.

- *Over-the-air (OTA) updates*: The OTA update feature streamlines the update process, keeping the system up-to-date and secure with minimal user effort.

Robust Security

Our products and solutions maintain robust security across software, hardware and cloud platforms.

- *Hardware security*: Our chip-scale anti-tamper solutions deliver comprehensive security audits and authentication for a variety of services including telematics, entertainment, in-vehicle payments, and autonomous driving, ensuring hardware-level protection.

- *Information security*: We implement two-way authentication to secure data during transmission, ensuring that downlink data sent to terminals and vehicles originates from trusted TSP background programs, and uplink data from terminals and vehicles is directed to a reliable TSP background program. This process guarantees data consistency and integrity, and prevents unauthorized modifications. Additionally, we ensure that decrypted data is only accessible to designated recipients and that role-based access control lists (ACL) manage operating authorizations effectively.

- *Privacy protection*: To protect user privacy, our system provides options to disable specific functions, including navigation and location tracking, search history, webpage bookmarks, voice input, camera recording, and calendar display. Users can also choose to encrypt incoming call numbers, hide call records, and not show saved contacts. These options ensure a tailored and reassuring experience.

Project Portfolio

We have been engaged primarily by esteemed OEMs and Tier-1 suppliers on extensive smart cockpit projects. The following table sets forth the details of our key ongoing projects, which were in the series production stage as of December 31, 2024.

Key Project[1]	Products Delivered	Series Production Commencement Time	Shipment Volume (Unit in thousands)		
			2022	2023	2024
Project A	Domain controllers	August 2023	–	11	185
Project B	Domain controllers	February 2024	–	–	174
Project C	Domain controllers	June 2024	–	–	53
Project D	Domain controllers	January 2024	–	–	44
Project E	Domain controllers	April 2022	61	9	43
Project F	Domain controllers	January 2024	–	–	34
Project G	Domain controllers	February 2024	–	–	28
Project H	Domain controllers	July 2022	18	15	23
Project I	Domain controllers	June 2022	21	41	23
Project J	Domain controllers	March 2023	–	4	16

Note:

(1) Represents the ten projects with the highest shipment volume in the year ended December 31, 2024.

The following table sets forth the details of our key projects under development as of December 31, 2024.

Project	Products to be Provided[1]	Development Commencement Time[2]	Status of Development as of December 31, 2024[3]
Project K	Domain controllers	January 2024	Product design validation
Project L	Domain controllers	November 2023	Product design validation
Project M	Domain controllers	August 2023	Production protocol validation
Project N	Domain controllers	November 2024	Product design validation
Project O	Domain controllers	October 2024	Product design validation
Project P	Domain controllers	September 2024	Prototype design validation
Project Q	Domain controllers	April 2024	Production protocol validation
Project R	Domain controllers	April 2024	Production protocol validation
Project S	Domain controllers	April 2024	Process design validation
Project T	Domain controllers	October 2024	Production protocol validation

Notes:

(1) Represents integrated solutions consisting of software, hardware and cloud-based vehicle connectivity.

(2) Represents the development commencement time of the projects which remained under development as of December 31, 2024.

(3) Represents the development status of the projects which remained under development as of December 31, 2024.

Key Operating Data of Smart Cockpit Products

The following table sets forth certain information for our smart cockpit products (consisting of domain controllers and cockpit components) for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Domain controllers(1)			
Shipment volume (units in thousands)	488	793	915
Average unit price (RMB)	1,382	990	2,141
Revenue (RMB in thousands)	674,302	784,850	1,959,008
Cockpit components(2)			
Shipment volume (units in thousands)	681	513	750
Average unit price (RMB)	350	407	211
Revenue (RMB in thousands)	238,284	208,829	158,507

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

During the Track Record Period, revenue from the shipment volume of domain controllers and its revenue contribution to our total revenue steadily increased, reflecting its role as the core of our business and the increasing demand for our domain controller products. The average unit price of domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a substantial portion of our total domain controller shipment volume prior to 2024. The average unit price of domain controllers increased to RMB2,141 in 2024, primarily attributable to the increasing demand for our high-end SoC-powered domain controllers.

The following table sets forth the breakdown of shipment volume and revenue of our domain controllers by associated chip type for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Shipment volume (unit in thousands)			
High-end SoC	N/A	12	351
Mid-end SoC	174	248	306
Low-end SoC	314	533	258
Total	**488**	**793**	**915**
Revenue (RMB in thousands)			
High-end SoC	N/A	13,176	1,100,907
Mid-end SoC	296,364	467,570	601,210
Low-end SoC	377,938	304,104	256,891
Total	**674,302**	**784,850**	**1,959,008**

During the Track Record Period, the shipment volume and revenue of domain controllers equipped with mid-end and high-end SoCs continually showed an upward trend. In contrast, although the shipment volume of domain controllers equipped with low-end SoCs experienced an increase in 2023 compared to 2022, the shipment volume declined in 2024 and the revenue of this type of domain controllers continually declined from 2022 to 2024. These changes reflected that we have strategically focused on developing and producing domain controllers equipped with high-end SoC, catering to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.

The following table sets forth the breakdown of shipment volume and revenue for our smart cockpit products (consisting of domain controllers and cockpit components) by customer type for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Shipment volume (unit in thousands)			
OEM customers	1,130	840	1,116
Other customers(1)	39	466	549
Total	**1,169**	**1,306**	**1,665**
Revenue (RMB in thousands)			
OEM customers	876,576	748,257	1,838,218
Other customers(1)	36,010	245,422	279,297
Total	**912,586**	**993,679**	**2,117,515**

Note:

(1) Consist of Tier-1 customers and other participants along the value chain of the automotive industry.

INTELLIGENT VEHICLE CONNECTIVITY SOLUTIONS

We primarily provide OEM customers with intelligent vehicle connectivity solutions, which consist of user engagement optimization services and vehicle connectivity platform services. These services assist OEMs to enrich the overall vehicle owners' experience with the realm of intelligent connected vehicles and enable OEMs to maintain smooth, stable operations of their vehicle connectivity platforms. We offer intelligent vehicle connectivity solutions separately from our smart cockpit solutions. OEM customers can choose to purchase either or both of our smart cockpit solutions and intelligent vehicle connectivity solutions.

User Engagement Optimization Services

We provide user engagement optimization services, including user support, user engagement and ecosystem management to OEMs, assisting them to better engage users of their vehicle models and promote brand value.

User Support

We are engaged by OEMs to operate their customer service centers, providing their vehicle owners with technical assistance, road rescue, and emergency response services, all of which are designed to ensure a seamless and convenient user experience.

- *Technical Assistance*. The staff at our service center respond to questions about the vehicle's connectivity features via traditional methods, like phone calls and text messages, as well as through automated voice calls triggered by in-car buttons or collision alerts. They answer owners' queries about operation and maintenance of vehicle connectivity systems. These offerings provide further security and enhance owner satisfaction with OEM-manufactured vehicles.

- *Road Rescue*. When a vehicle encounters issues like low fuel, battery depletion, tire damage, or flooding, owners of vehicles equipped with our intelligent connectivity solutions can press the in-car roadside assistance button to contact our service center instantly. Within seconds, our staff will guide the vehicle owner on how to manage the issue and arrange necessary assistance, such as towing or quick repairs. We collaborate with service providers who are qualified to collect and transmit geolocation of vehicles to identify and coordinate with the nearest repair providers to expedite roadside assistance, reducing wait time and enhancing rescue efficiency.

- *Emergency Response*. When a vehicle covered by our user support services experiences a severe collision, drivers and passengers can instantly contact our service center by pressing the in-car SOS button, in addition to calling customer service. Within seconds, our staff can connect with the user, coordinating emergency services such as police, ambulance, or fire and rescue. Our service center collaborates with service providers who are qualified to collect and transmit geolocation of vehicles, and they have access to vehicle's real-time location. If the collision renders the user unable to contact our service center, our system can identify the vehicle involved, contact the owner via the in-car communication system or mobile phone, and inform police of the vehicle location for rescue, providing maximum safety for the vehicle owner.

We have two pricing models for user support services: (i) charging OEMs a fixed annual service fee, determined primarily based on our anticipated service costs, including, among others, staff costs, venue and facility costs, and system maintenance fees, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles using our services during the contract term, subject to an upper limit amount. Under the first pricing model, the total service fee set forth in our contracts with OEMs varies based on the complexity and duration our services. Under the second pricing model, the our total service fee would equal to the sum of service fees we received from the customer during the contract term.

Case Study

In March 2023, we entered into a service agreement with a leading Sino-foreign joint venture OEM to operate its customer service center for a term of three years. This customer service center serves the OEM's car owners and potential customers nationwide with respect to car purchase consultations, test drive appointments, after-sales support, 24-hour emergency roadside assistance, complaint handling, and emergency event management (such as car recalls). It applies multiple communication channels, including phone calls with a 400 toll-free number, online chat box, short messages, emails, and facsimile, to serve car owners, and the OEM expects to expand the center's touchpoints with car owners to websites, mobile and in-vehicle Apps, and social media platforms. We successfully passed the OEM's rigorous bidding and selection process based on our technology capabilities and in-depth operation experience in the vehicle connectivity industry.

Our operation services for this customer service center cover daily operations of user support, maintenance of the center's facilities, recruitment and training of customer service staff, design of business processes, formulating customer communication scripts and FAQ system and other work to assist the OEM in upgrading the center's capabilities. Our service team consists of call center representatives, service quality staff, training staff, data and technical support staff, business liaisons, and management personnel.

The OEM and we agreed on a fixed service fee for each service period determined based on our anticipated service costs. These costs include (i) staff cost, being the largest component of our costs, (ii) our preparation and transferring costs for initiating our services (applicable only for the first six months), (iii) venue and facility costs, (iv) the network and office expenses, and (v) training and management costs. We settle the service fee with the OEM on a monthly basis, calculated according to the working hours of our staff at the service center.

User Engagement

OEMs can engage us to develop platforms which are designed to assist their operation staff to improve vehicle owners' experience and respond to requests from them timely and effectively. Through such service platform, OEM operation staff can receive user complaints and feedback from both the mobile and in-vehicle application. They can launch and push promotional activities (such as free test drive, subscription of membership of entertainment applications, and discounts on OTA updates) to vehicle owners' mobile and in-vehicle applications. Additionally, such platform enables OEMs to customize applications for specific vehicle models, and remotely manage the activation or deactivation of certain applications based on the subscription status of vehicle owners.

We usually conduct maintenance services for such user engagement platforms developed by us. We typically charge OEMs service fee based on a monthly fee per vehicle and the number of vehicles connected to OEMs' connected vehicle platform. If we also plan, design, and execute marketing campaigns that are carried out through these service platforms, such as the campaigns promoting subscription for the OEM's connected vehicle services, entertainment programs (such as karaoke), and mobile internet data packages, OEMs may shares a portion of their revenue from these campaigns with us based on a predetermined profit sharing ratio.

Ecosystem Management

We integrate third-party service applications, such as music streaming, video streaming and mapping services, onto our platforms. This collaboration with leading application providers eliminates the need for OEMs to negotiate individually with multiple application providers, streamlining the process of ecosystem formation. OEMs can select their preferred applications for specific vehicle models through our platform, while we manage the integration of third-party services, including licensing and OTA updates.

We typically charge OEMs one-time integration fees and ongoing licensing fees. We also implement a subscription model for certain applications, such as high-quality audio for media applications, enabling vehicle owners to subscribe to these services through our platfom. The subscription fees paid by vehicle owners are shared among us and OEMs. Additionally, we analyze usage of these service applications to identify new revenue opportunities to foster mutual success.

Vehicle Connectivity Platform Services

We provide maintenance services for vehicle connectivity platforms – whether developed by OEMs or by us – to ensure stable operation of such platforms, enhance performance, protect system and data security, and adapt to evolving business needs. Our maintenance services include:

- *Infrastructure Maintenance*. We monitor performance indicators for servers of the vehicle connectivity platforms, including CPU, memory, disk and bandwidth, and take necessary measures to promptly restore the components with abnormal indicators. We also carry out database back-up and optimization, as well as configuration management for these platforms. Our system security management includes monitoring security incidents, addressing vulnerabilities, and ensuring compliance with applicable national security standards and regulations.

- *Service Applications Maintenance*. We provide maintenance services to mobile applications, in-car applications, and vehicle connectivity platforms applied by OEMs to deliver vehicle connectivity functionalities. We implement OTA updates and monitor and analyze the data regarding OTA updates for OEMs. We guide OEMs' dealers and vehicle owners to successfully complete the updates and look into any abnormal incidents that occur. We also provide OEMs with our analyses and summaries of the issues identified based on vehicle owners' feedback, supporting their efforts in continuous product iteration.

We have two pricing models for vehicle connectivity platform services: (i) charging OEMs a fixed annual service fee, determined primarily based on our anticipated working hours of our engineers, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles connected to the OEM's platform during the contract term, subject to an upper limit amount. Under the first pricing model, the total service fee set forth in our contracts with OEMs varies based on the complexity and duration our services. Under the second pricing model, the our total service fee would equal to the sum of service fees we received from the customer during the contract term.

Key Operating Data of Intelligent Vehicle Connectivity Solutions

The following table sets forth certain key operating data for our intelligent vehicle connectivity solutions:

	For the year ended December 31,		
	2022	2023	2024
User engagement optimization services:			
Number of OEMs served	5	7	8
Number of customer service centers operated	10	10	11
Vehicle connectivity platform services:			
Number of OEMs served	13	12	10
Number of platforms under our maintenance	14	14	14

OUR CORE INFRASTRUCTURE AND TECHNOLOGIES

Our Core Infrastructure

Our products and solutions are supported by QingOS, our automotive-grade operating system, QingCore, our in-vehicle intelligent hardware platform, and QingCloud, our advanced cloud service platform. QingOS serves as the backbone, offering stability, security, and optimized performance tailored for vehicular applications. It enables efficient communication and data processing, essential for the diverse functions and sensors present in our solutions. QingCore supports a range of SoC solutions from different providers to provide the necessary computing power for our solutions. Powered by QingCloud, we are poised to offer seamless performance of cloud services even under high concurrency and large capacity demands.

QingOS

Our smart cockpit solutions are powered by QingOS, our self-developed automotive-grade operating system that offers versatility across various car models and can be easily tailored to meet diverse customer requirements. This in-house developed system features a modular design that enables rapid adaptation to various hardware configurations and platform requirements, reducing development time and improving customization. These modules can be seamlessly integrated and managed through the core platform, and enable the smart cockpit to present vehicle information, such as autonomous driving and technologies related to ADAS.

Catering to the market demand for software-defined vehicles, our QingOS system delivers exceptional experience in multi-display interaction, immersive audio setups, and multi-mode interactions, while also providing modular interface capability based on vehicle functions.

QingOS can be customized to meet diverse business needs in different geographical markets. We have established robust compliance frameworks, obtained global patents, and formed partnerships with leading cloud platforms to ensure a worldwide infrastructure and support network. Through extensive R&D, we ensure our solutions meet stringent overseas regulations. Additionally, we incorporate market insights and consumer feedback from various regions to customize our QingOS systems, providing features and functionalities that resonate with international consumers. As a result, we assist Chinese automakers in their global expansion by equipping their products with smart cockpit operating systems that align with international regulatory standards and cater to diverse consumer preferences.

QingCore

Our QingCore platform represents an in-vehicle intelligent hardware platform. QingCore, powered by SoC solutions, provides the essential hardware infrastructure for QingOS operations. The capabilities of QingCore play a crucial role in designing smart cockpits, influencing the number of screens, display resolution, operational smoothness, in-cabin interaction experience, and integrated functions.

QingCore is a platform compatible with SoC solutions from various providers, such as Qualcomm. Adopting a modularized design approach, we segment the platform into distinct units, each fulfilling specific functions, thereby enhancing scalability and flexibility within our design framework. This modular strategy enables us to efficiently assemble and integrate these standardized components, significantly reducing development timelines for upcoming projects, and facilitating swift adaptation to the SoC solutions of the latest generation. This adaptability allows us to provide a wide range of solutions and create tailored solutions for vehicles at different price ranges, enabling a swift market entry.

QingCloud

QingCloud is our proprietary cloud service platform, designed with a focus on reliability, scalability and security. It connects vehicles to external cloud and internet services, supporting essential functions for modern vehicles. Featuring a modular design, the key modules of QingCloud include device connectivity system, TSP system, infotainment service system, vehicle intelligent service system, Firmware Over-The-Air (FOTA) system, and an emergency call center system. With the API gateway provided by QingCloud, customers can flexibly combine modules to develop customized solutions that meet their needs.

Our Core Technologies

Through years of dedicated R&D efforts, we have developed a suite of core technologies in smart cockpit software and hardware systems. Our expertise spans end-to-end comprehensive development, encompassing software, hardware and cloud connectivity.

Technologies Underpinning Software Stack and AI Algorithms

Technologies for Operating System

We have built our automotive-grade operating system with following key technologies.

- *Service-oriented architecture (SOA)*: Automotive systems require a wide range of communication between the central control unit and other vehicle controllers, such as ECU, T-Box, and ADAS. We embrace a SOA approach to software design and architecture to create modular services that can be utilized across various applications, fostering adaptability to evolving business needs. This strategy promotes data and information sharing among different vehicle domains, ensuring robust stability and security. By harnessing the power of SOA architecture and protocol stacks, diverse vehicle domain controllers can exchange capabilities through microservices. Moreover, this integrated platform enhances connectivity to cloud-based services, further enhancing the overall functionality and interoperability of the system.

- *Vehicle control technologies*: We introduced two distinct technical approaches for vehicle operating systems, tailored to meet a variety of vehicle requirements while ensuring system stability and compatibility:

  - o *Stability.* We apply an approach to integrate software and hardware to enhance performance and stability. By separating the underlying architecture from user interfaces and user experience, this approach allows for swift adaptations across different vehicle models without compromising system stability.

o *Compatibility*. We apply an approach to separate software and hardware to improve compatibility with third-party automotive applications. Developed within the native Android Automotive environment, this solution provides standardized ports for the application layer and the architecture layer, enhancing adaptability to diverse hardware platforms and Android baselines.

By merging these two approaches, we present robust, reliable, and feature-rich automotive-grade operating systems. Prioritizing performance and flexibility at both hardware and software levels, our system streamlines customization for a wide range of vehicle models.

- *Virtual multi-camera system*: Operating systems advance in computational capabilities, and the complexity of automated driving, driver assistance, and safety features continues to grow. Alongside radar-based perception, visual data collection through cameras plays a vital role in enhancing environmental awareness for smart driving applications. To meet these evolving needs, the system must support multiple cameras, sometimes exceeding ten in number. We have developed a customized virtual multi-camera system that can be tailored to various smart driving solutions, ensuring seamless compatibility with cameras connected through different methods, including Ethernet, wired, and wireless connections. By providing unified access through a standardized API interface, this system enables quick integration and application deployment, enhancing adaptability and usability across a wide range of smart driving scenarios.

Automotive Embedded Software

Our embedded software technology represents a software platform running within microcontroller units (MCU) and adhering to the Real-Time Operating System (RTOS) and Automotive Open System Architecture (AutoSAR) standards. It is instrumental in enabling real-time perception, control, communication, diagnostics, and device power management functions within vehicles. In applications that require SoC integration, such as smart cockpits and infotainment systems, MCU-based embedded software serves as a crucial link between the SoC and the internal communications network interconnecting components inside a vehicle. It effectively complements the non-real-time functions of the SoC to meet rigorous real-time requirements, thereby enhancing product functional safety standards.

Echo Cancellation and Noise Reduction (ECNR) and Equalization (EQ) Algorithms

We utilize acoustic digital signal processor (ADSP) systems to develop and implement ECNR and EQ algorithms tailored for automotive environments. These innovations enhance audio quality and user experience during Bluetooth calls. Our proprietary echo cancellation algorithm excels at effectively suppressing echoes in settings with high reverberation and significant external disturbances, delivering clear sound quality. Additionally, our internally developed noise reduction algorithm is designed to eliminate tire noise, wind noise, vehicle interior floor noise, and other disruptions encountered during vehicle operation. It successfully reduces steady-state external noise while preserving speech signals with minimal voice distortion.

Technologies Underpinning Hardware Architecture

Cockpit Domain Control

Cockpit domain control technology stands as a pivotal point within the realm of vehicle domain control. The emergence of this technology significantly streamlined the domain control of the overall vehicle, providing a crucial E/E architecture for the development of next-generation software-defined intelligent vehicles. Our technology possesses the following features:

- multi-display interactions, supporting over ten in-vehicle displays;

- enhanced AI computing power with embedded deep learning algorithms for on-device deployment of large language models within the cockpit, resulting in faster voice interaction responses, broader speech recognition support, and more natural voice interactions;

- integration of 4G modules to enable built-in T-Box functionality; and

- utilization of automotive microcontrollers with higher computing power and more channels to realize intelligent gateway functions.

Additionally, our cockpit domain control technology is compatible with Kirin processors and the HarmonyOS operating system. By integrating core QingOS modules into the HarmonyOS system, we have enhanced our ability to efficiently address customers' customization requirements.

Dual-processor SoC Technology

We designed solutions in global smart cockpit collaboration programs with Avatr to employ two separate processors, each running different applications simultaneously to optimize performance and multitasking capabilities. The functions executed by these processors are seamlessly rendered in a unified display system. To enhance network security and functional segmentation, we implement virtual local area network (VLAN) partition across multiple subsystems within the vehicle system. All subsystems route through a central gateway to maintain a single media access control address externally. Ethernet layer 2 switches facilitate data transfer between the dual processors, ensuring efficient connectivity across applications. This deployment strategy contributes to effective network isolation and streamlined management.

T-Box In-vehicle Communication Integration

Our T-Box integration technology links vehicles to the internet via 4G and 5G mobile communication modules. It supports various functionalities such as the global navigation satellite system, remote OTA updates, and Bluetooth key access. By enabling wireless router capabilities between the vehicle system, cockpit, TSPs, and the internet, this technology empowers vehicle owners to remotely access, oversee, and control their vehicles. Beyond enhancing vehicle security with functions like collision alerts, electronic fences, one-touch rescue, real-time vehicle tracking, driving behavior analysis, and live diagnostics, it also provides a data channel for remote diagnostics and OTA upgrades.

High-power Processors Air Cooling Technology

Our advanced high-power processor air cooling technology represents a breakthrough in thermal management, avoiding heavy reliance on liquid cooling mechanisms in vehicles. This innovation leverages air cooling to effectively cater to the cooling requirements of high-heat systems, while diminishing concerns related to vehicle noise, vibration, and harshness (NVH). With fan selection, airflow channel design, and heat dissipation module development, we have engineered an air cooling system with ultra-low thermal resistance and operational noise levels. This development is particularly crucial in addressing the thermal challenges posed by high-performing SoC chip modules that generate substantial heat, ensuring their consistent performance under intense loads. This advancement enables us to broaden the reach of high-performing domain control solutions to a diverse array of vehicles, including those that cannot adopt liquid cooling solutions due to the high cost.

Technologies Underpinning User Experience and Safety

Vehicle Multi-display

We offer multi-display interactive capabilities that enhance the in-vehicle infotainment experience. Our in-vehicle display technology supports a range of distinctive interactive features:

- Seamless cross-display interaction: Users can seamlessly transfer content between the driver's screen and the passenger screen through intuitive swipe gestures.

- Interaction with air conditioning display: The air conditioning control screen runs on an independent operating system. By connecting with the telematics system through self-developed communication protocols, we can achieve screen mirroring and text input functionalities.

- Integration between central control and instrument panel: Our technology allows for the projection of central control applications such as music information and navigation maps onto the instrument panel, promoting a unified and cohesive user interface. Additionally, the synchronized startup animation across the instrument panel, main screen, and passenger screen enhances the overall visual experience, providing a seamless and visually appealing transition for users.

Customizable Navigation System

We develop and deploy navigation features based on the SDKs of map service providers:

- We tailor navigation functions to meet the specific requirements of OEM clients and develop personalized navigation interfaces and unique features.

- Through the integration of telematics technology, we seamlessly connect the navigation system with other vehicle functions. By incorporating sensors such as accelerometers and gyroscopes, we improve the accuracy and stability of vehicle positioning. Furthermore, by leveraging in-vehicle cameras, we introduce advanced features such as AR navigation to enhance the system's intelligence and user experience.

- The system enhances user interaction by optimizing voice commands and human-machine interfaces. Combined with voice recognition technology, it enables voice navigation and control functions. This allows drivers to effortlessly operate the navigation system, enhancing driving safety and convenience.

- The system supports intelligent driving features by utilizing data from map providers' SDKs, including real-time traffic updates, road speed information, and traffic incidents. This aids in the decision-making process and control of intelligent driving systems, leading to improved driving safety and efficiency.

- Apart from navigation features tailored to domestic markets, our system has the capability to incorporate data from international map providers. This necessitates expertise in map data consolidation, localization, and multilingual support to guarantee the precision and adaptability of our navigation services.

OUR R&D CAPABILITIES AND INITIATIVES

We are confident in our ability to develop industry-leading solutions for next-generation driving experience. Our team of dedicated R&D professionals is pivotal to our competitive edge. We have established six R&D centers strategically positioned in Nanjing, Dalian, Shenyang, Shenzhen, Wuhan and Changchun.

As of December 31, 2024, our R&D team comprised 639 specialists, representing 29.7% of our total workforce, among which 85.8% hold a bachelor's degree or above. We use AI tools to enhance R&D efficiency. Through AI-powered code analysis and automated debugging, we accelerate the development process, enhance code quality, optimize code structure, and tailor solutions to meet specific customer needs, resulting in rapid innovation cycles and high-quality solutions.

Key R&D Initiatives

We have been committed to continually advancing innovations in automotive intelligence technologies. We plan to continue to allocate resources to R&D initiatives aimed at fostering innovation and developing advanced technologies in order to quickly respond to market demands and launch new industry-leading solutions.

Intelligent Solid-State Audio System

In 2021, we developed the world's first intelligent solid-state audio system using a vehicle's surrounding body panel to produce and receive high-quality sound. This innovative system enables individuals outside the vehicle to communicate with those inside or contact drivers who have exited the car. It offers multiple interaction modes like independent sound projection and voice interaction from each side of the vehicle exterior, vibration or tapping detection on the vehicle body panels, intercom interaction through internal and external speakers, and detection of nearby individuals outside the vehicle.

Conventional speakers encounter challenges when projecting sound externally, including space limitations, installation constraints, suboptimal water, dust, and corrosion resistance, high power consumption, as well as lack of support for external surround sound. Our intelligent solid-state audio system, powered by high-power and broadband piezoelectric sound transducers, effectively addresses these challenges. It optimizes space utilization, reduces material usage, and maintains design flexibility without altering the vehicle's structure.

This system delivers immersive high-quality 360-degree surround sound outside the vehicle, eliminating any sound dead zones. Currently, this solution supports over 50 innovative use cases spanning vehicle safety, entertainment, and communication scenarios. Among these applications are the ability to place calls to drivers who have exited their vehicles, requesting them to move if their cars are obstructing others; to communicate with or control the vehicle via voice commands before drivers decide to enter the vehicle interior; and make on-site emergency requests to individuals outside the vehicle.

The system has successfully completed proof-of-concept validation on both our internal vehicles and customer models.

High-Performance Central Computing Platform

The central computing platform (CCP) typically integrates flagship cockpit features, advanced driver assistance systems, body control functionalities, gateways, 5G connectivity, and vehicle-to-everything (V2X) capabilities, which serves as the backbone for next-generation, software-defined intelligent vehicles and redefines automotive technology with its exceptional integration, performance, security, and adaptability across diverse scenarios. We have released a CCP prototype of our flagship all-in-one-box centralized integrated vehicle mount computer, powered by Qualcomm's Snapdragon 8295 chipset. It allows in-house customization by customers, and enables collaborative development with algorithm companies.

The prototype supports an array of seven screens, including two 4K displays and five 2K displays strategically positioned for instrument clusters, central control units, passenger-side displays, and dual rear screens. Additionally, the platform seamlessly integrates a DMS camera, dual rear-view mirror screen displays, and an around view monitor that provides a comprehensive 360-degree view of the vehicle's surroundings.

Automotive-grade SoC Solutions

We are one of the first Chinese smart cockpit solution providers to expand business footprint into the upstream automotive-grade chip domain, according to CIC. In May 2023, we joined forces with the National New Energy Vehicle Technology Innovation Center of China to jointly establish an automotive-grade integrated circuit joint laboratory, which is dedicated to developing verification, validation and testing standards for domestic automotive-grade chips. In November 2023, we also established a company with a leading semiconductor provider in China, and other industry partners to invest in the R&D of domestically-designed automotive-grade chips.

Wireless Communication

We are a key member of SparkLink Alliance (星閃聯盟), an industrial alliance committed to promote next-generation wireless short-range communication technology innovation. Currently, we are in the process of developing smart cockpits based on SparkLink's next-generation technology standards and taking the lead in setting technology standards in specific domains.

OUR STRATEGIC PARTNERSHIPS

We have forged mutually beneficial partnerships across the industry value chain.

OEMs

By collaborating closely with OEMs, we gain insights into market demands and tailor our solutions to meet specific needs effectively. For instance, in 2022, we signed a R&D strategic cooperation agreement with Avatr to collaboratively advance existing smart cockpit solutions and develop new technologies. We believe these strategic partnerships streamline the validation process required for participation in automakers' model design and contract acquisition, providing a solid foundation for subsequent mass production.

Our strategically valuable shareholder base lays a solid foundation for our long-term and stable development. Our shareholders include Chinese OEMs such as Dongfeng Group, China FAW Group Corporation and local state-owned asset investment arms such as Shanghai Guosheng. We have also attracted reputable industrial investors like Xiaomi Corporation and Jinggangshan Beiyuan VC. This robust shareholder base supports our future business growth, helping us expand our market share and solidify our market leadership. We have established strategic partnerships with some of our shareholders. As a longstanding strategic supplier to

Dongfeng Group, we have received their Annual R&D Contribution Award three times. In 2020, we co-founded the Dongfeng Innovation Design Center in Nanjing, fostering strategic cooperation focused on R&D synergy to advance the development of Dongfeng's intelligent vehicles. In 2020, we entered into a cooperation agreement with FAW Group and jointly established the Tianquan Intelligence Laboratory, aiming to develop next-generation smart cockpit solutions through joint innovation in areas such as domain controllers, automotive-grade operating system, intelligent vehicle connectivity applications, and in-vehicle big data applications.

According to CIC, as technology progresses and consumer demands shift, the integration of intelligence has emerged as a crucial trend in the automotive industry. Significantly enhancing the in-vehicle experience for both drivers and passengers, smart cockpit solutions serve as a key component of automotive intelligence. OEMs typically prefer to purchase smart cockpit solutions directly from Tier-1 suppliers, as these suppliers offer distinct advantages tailored to the OEMs' specific requirements, including extensive industry expertise, cutting-edge technological advancements, and cost efficiencies that reduce both smart cockpit solution costs and internal R&D expenses. In recent years, while more OEMs have made attempts to develop smart cockpit solutions with higher computing power and sophisticated human-machine interaction capabilities, many face challenges such as high initial investment and pressure of rapid technological iteration. Only a handful of OEMs have the in-house capabilities to develop their own smart cockpit solutions. Based on CIC's views, the Directors believe that our opportunities in the smart cockpit solution industry will not be significantly affected by OEMs' in-house development efforts, due to that OEMs' in-house research and development efforts could face cost and efficiency challenges, often requiring substantial initial investment and resulting in longer iteration cycles compared to platforms of our Company. We can develop optimized, customized solutions more efficiently, cost-effectively and rapidly.

SoC Solution Providers

Cooperating with SoC solution providers promotes seamless integration of advanced technologies into our offerings, enhancing product performance and functionality. Snapdragon 8295 and Kirin 9610A are currently the mainstream chips used in high-end smart cockpits, representing the advanced computing power in the smart cockpit industry. As one of the few smart cockpit solution providers able to provide smart cockpit solutions based on Snapdragon 8295 and Kirin 9610A, we maintain a competitive edge in the market. For example, the smart cockpit solutions we developed based on Snapdragon 8295 chipset have secured design wins for mainstream vehicle models. During the Track Record Period, we delivered smart cockpit domain controllers powered by Snapdragon 8295 chipset to one of the top five Chinese premium emerging NEV brands in terms of sales volume in 2024. We have also released a prototype of our flagship all-in-one-box centralized integrated vehicle mount computer platform powered by Snapdragon 8295 chipset. This platform allows in-house customization by customers, and enables collaborative development with algorithm companies.

In 2022, 2023 and 2024, our purchases of Qualcomm SoCs accounted for 67.3%, 44.2% and 87.0% of our total purchases of SoCs, respectively. Specifically, our purchases of Qualcomm SoCs directly from Qualcomm accounted for 16.0%, 16.5% and 77.6% of our total purchases of SoCs, respectively. We also source Qualcomm SoCs from its distributors, including Supplier B, who was one of our five largest suppliers in 2022, 2023 and 2024, and Supplier G, who was one of our five largest suppliers in 2023. During the Track Record Period, approximately 51.3%, 27.8% and 9.4% of our total purchases of SoCs were purchased from distributors of Qualcomm SoCs. For more details about Supplier B, see "— Our Suppliers."

Placing particular emphasis on securing stable and high-quality chip supplies, we have established strong business relationships with Qualcomm since 2021 and were among the first to develop smart cockpit solutions using its fourth-generation Snapdragon 8295 chipset. As of the Latest Practicable Date, we were not aware of or involved in any dispute with Qualcomm. The agreements between us and Qualcomm are typically structured on a project-by-project basis, with a duration of approximately two years. Under these agreements, Qualcomm provides us with specified automotive-grade chips, software, and development platforms, along with customer engineering support. We are required to use the components supplied by Qualcomm in accordance with the use restrictions outlined in the confidentiality agreement between the parties and are responsible for conducting test cases involving our proprietary applications of such components. According to CIC, it's common for chip suppliers to enter into project-by-project chip procurement agreements with terms less than two years. Upon expiration, it is industry norm to renew such agreements based on actual demands.

Operating System Providers

Our collaboration with BlackBerry has led to the development of smart cockpit solutions tailored based on BlackBerry's QNX Neutrino real-time operating system, QNX Hypervisor and QNX IVY. These solutions aim to offer drivers a more personalized and interactive intelligent driving experience, enabling innovations such as secure data access across multiple vehicle domains, edge computing, and over-the-air updates. These solutions have been implemented in multiple models for brands like Avatr. In addition, we also power our smart cockpits solutions with HarmonyOS system. As of the Latest Practicable Date, we had delivered smart cockpits featuring HarmonyOS system to three of our OEM customers.

Partnering with SoC solution and operating system providers not only allows us to continuously elevate our R&D capabilities in delivering high-quality services but also demonstrates our research and development expertise. Additionally, certain OEM projects are inclined to apply SoC solutions and operating systems from these providers, such as Qualcomm chips and BlackBerry operating systems. Therefore, forming alliances with these companies will serve as a strategic entry point for us to supply components for such projects.

Financial Institutions

To support our business operations and future expansion, we maintain strategic relationships with mainstream domestic financial institutions. In March 2024, we entered into several strategic cooperative agreements with seven commercial banks, under which these banks agreed to make available to our Company indicative credit facilities in an aggregate amount equal to RMB19 billion, subject to regulatory requirements and the customary credit policies of such banks. This financial backing ensures our operational stability and sustainable development.

PRODUCTION

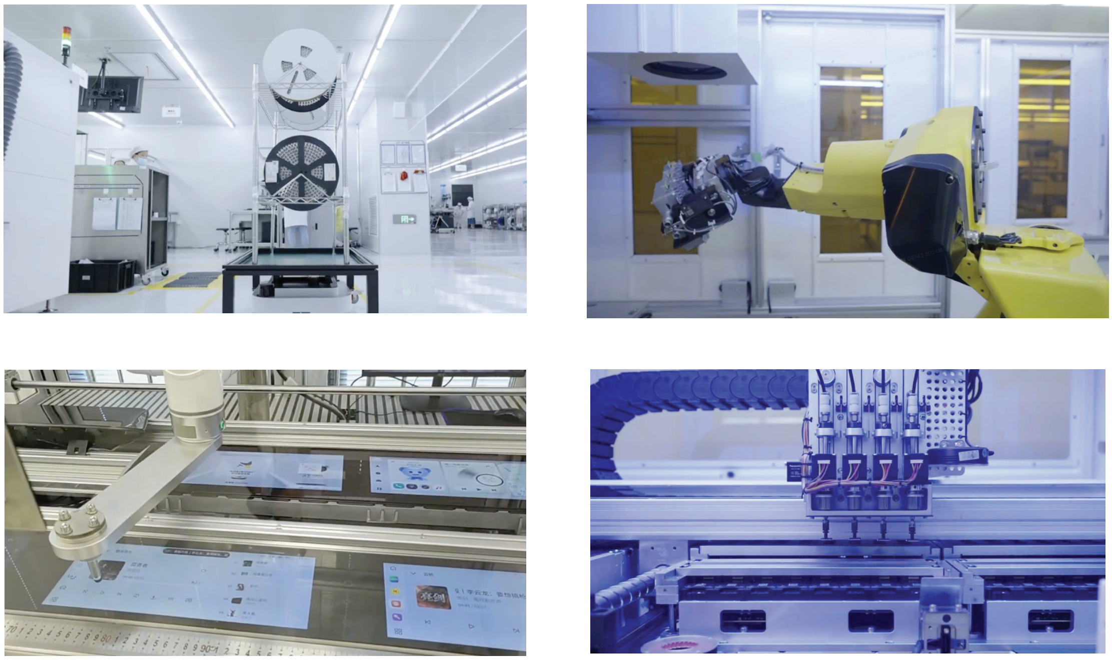
Our production system is designed to realize smartness, scalability and agility. We believe that our production capacity underpins our ability to scale our business effectively in the future.

Production Facilities

Prior to July 2021, we primarily engaged an electronics contract manufacturer located in Nanjing, Jiangsu Province, for the production of our products. To support customer demand and our business growth, we established our first production facility in Xiamen, Fujian Province in July 2021. We have and assembled our domain controllers and cockpit components primarily in Xiamen production center since it started to operate. We are expanding our production capacity by constructing two new facilities in Liuzhou, Guangxi Zhuang Autonomous Region and Rui'an, Zhejiang Province, which are expected to focus on production and assembly of domain controllers and smart cockpit assembly.

- *Xiamen Production Center*: We commenced production in our intelligent production facility in Xiamen in July 2021, which integrates R&D, process design, supply chain management, production and quality assurance functions. We utilize a significant number of industrial robots in our intelligent production facilities. The production lines in our Xiamen facility feature surface-mount technology (SMT), in which the electrical components are mounted directly onto the surface of a printed circuit board. It improves production efficiency and reliability through automated assembly processes, and also supports higher component densities, leading to more sophisticated and feature-rich products. As of the Latest Practicable Date, the facility houses four self-owned production lines and six leased ones that utilized surface mount technology, which mounts electronic components directly onto the surface of a printed circuit board. This technology enhances efficiency by allowing for automated assembly processes, enables more compact electronic devices and facilitates faster production cycles.

Industrial robots in action in our production facility



- *Liuzhou Production Center*: Construction of our intelligent production facility in Liuzhou began in November 2022, with the focus of production and assembly of domain controllers. Our Liuzhou facility completed its first-phase construction in May 2024 its maximum annual production capacity is approximately 150,000 units.

- *Rui'an Production Center*: For our facility in Rui'an, we plan to construct production lines for SMT, mold making and equipment production and assembly for intelligent devices. Construction started in October 2023, with the first phase scheduled for completion and operation by June 2025. The planned capacity of our Rui'an production center is 400,000 units.

The following table sets forth the planned capacity, actual production volume and utilization rate of our production centers, which had been put into use, during the Track Record Period.

	For the year ended December 31,		
	2022	**2023**	**2024**
Planned capacity *(units in thousands)*	532	536	1,447
Actual production volume *(units in thousands)*	473	391	1,056
Utilization rate	88.9%	72.9%	73.0%

The planned capacity of our production facilities remained stable at 532 thousand units in 2022 and 536 thousand units in 2023, while the utilization rate decreased from 88.9% in 2022 to 72.9% in 2023. The decrease in utilization rate is primarily due to decreased demand of certain large OEM customers, and to meet the needs of new clients, we have upgraded our production lines, resulting in a decline in capacity utilization. The planned capacity of our production facilities further increased to 1,447 thousand units in 2024, with the utilization rate relatively stable at 73.0% in the same year.

We utilize a combination of self-owned and leased production lines to optimize production capacity and efficiently meet customer needs at the current stage. Looking ahead, we plan to make incremental annual investments in self-owned production equipment, aligned with business growth, to balance fluctuating customer demand with operational costs.

Production Process

We adhere to the IATF16949 automotive quality management system for our production. The principal steps of our production process applicable to our smart cockpit products include:

- *PCB Preparation*: We begin the production process of our smart cockpit products by first preparing printed circuit boards (PCBs). We start with the insertion of the PCBs, followed by laser engraving serial number barcodes for tracking and quality control. The PCBs are then meticulously cleaned to remove any contaminants, ensuring a pristine surface for subsequent processes.

- *SMT Process*: During the SMT process, solder paste is printed onto the PCBs, and the thickness of the paste is carefully inspected to ensure proper application. Using our SMT production lines, we mount various electronic components on the PCB in accordance with product specifications, which are then inspected using automated optical inspection (AOI) systems to verify correct placement. Post-soldering, another AOI system checks the solder joints, and an X-ray inspection is conducted to examine the solder joints under components, ensuring the integrity of hidden connections. The PCBs are then separated into individual units through depaneling. Dual in-line package (DIP) components are manually inserted into the PCBs, followed by wave soldering to securely attach these components. Any necessary touch-ups are performed after wave soldering to guarantee optimal connections.

- *Software Integration and Assembly*: Software integration and assembly are critical steps in our process. In-circuit testing (ICT) is performed on electronic components to ensure their functionality. Following this, the required software is installed onto the hardware, preparing the smart cockpit hardware for assembly. The mainboard, now equipped with components and software, is assembled with structural elements such as screens and housings. This structural assembly process ensures that all parts fit together seamlessly.

- *Testing and Inspection*: After the software integration and assembly, we carry out multiple tests to ensure that the smart cockpit products function properly, including high-temperature aging tests, functional testing and visual inspections. In the final stage, a comprehensive inspection is conducted before packaging to ensure that each product meets our high standards. Once the products pass this final inspection, they are carefully packaged and prepared for shipment to our customers.

This detailed and methodical production process ensures that our smart cockpit products deliver exceptional quality, functionality, and reliability, providing an outstanding in-vehicle experience for users. We have also invested significant time in streamlining and automating our production process and systematically optimize our production procedures.

Logistics and Warehouse

Our products are typically delivered directly from our warehouse to the venue specified by our customers. We also engage qualified third-party logistics service providers for the transportation of our products. We established our warehouse within our production facilities, where we implement strict inventory management and control measures, to store our finished smart cockpit products. Products that have passed quality inspections are either delivered to our customers directly, or to the third-party warehouses that we collaborate with for the further transportation of products to locations specified by our customers.

Our inventory mainly includes (i) raw materials such as chips and modules procured for the production of our smart cockpits, (ii) work-in-progress, the products on our production line which are in various stages of completion but are not yet finalized or ready for delivery, and (iii) finished products that are ready for external delivery, such as completed smart cockpits and related accessories. We have established an inventory management system and an enterprise resource planning (ERP) system that monitor our warehousing process. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply management team reviews our inventory aging reports routinely with other responsible teams, such as business operation team and risk management team, and takes necessary actions to minimize risks of obsolescence when required.

QUALITY ASSURANCE

The automotive industry adheres to stringent quality standards, and automotive OEMs implement rigorous validation processes to ensure product reliability, performance and compliance with high industry standards. We dedicate significant time and resources to meeting these requirements, affirming our status as a trusted supplier. We have obtained ISO50001, ISO9001, ISO14001, ISO26262, QC080000, ANSI. ESDS. 20.20 and IATF16949 certifications. As of December 31, 2024, we had passed 29 automotive OEMs' qualification reviews for smart cockpit suppliers, including 20 Chinese OEMs, six joint venture OEMs and three international OEMs.

We have implemented a strong accreditation and process management system. Our quality control system is designed to drive intelligence, scalability and agility, and digital transformation through a wide range of tools and systems, including:

- *Data analytics tools*: We leverage sophisticated data analytics tools to collect and analyze data from various stages of the production process. These tools enable us to identify patterns, predict potential issues, and make informed decisions to enhance product quality and production efficiency.

- *Production management software*: Our production management software provides monitoring and control of the production process. It helps us manage production schedules, track inventory, and optimize resource allocation, ensuring that our operations are streamlined and efficient.

- *Production execution system*: We impose rigorous quality control standards at various stages of our production process. Materials and components are systematically tested at different stages of our production process to ensure that they meet our technical specifications.

- *Product lifecycle management (PLM) system*: The PLM system is essential for us to manage product innovation in its entire lifecycle. The system integrates information from design, R&D, process, and change management, enabling our R&D teams to collaborate accurately and consistently. The robust version control and change management of the system ensure every design modification is effectively tracked, while compliance tools enable our products to maintain adherence to industry standards and customer requirements.

- *ERP System*: The ERP system integrates various functions across our organization, including finance, HR, procurement, and supply chain management. This integration allows for seamless data flow and coordination between departments, improving overall efficiency and decision-making. In terms of suppliers, our supply chain team and R&D team cooperate with each other during the selection process to evaluate suppliers' capabilities based on factors such as quality, volume delivery, pricing, timeline, and the ability to adapt, among others.

We have cultivated in-house high-precision production and testing capabilities to maintain our high-quality control standards, optimize our production cost structure, speed up the iteration of our product development cycle, and increase the robustness of our supply chain. As of December 31, 2024, our quality control team consisted of 202 personnel with rich experience in production and quality control. During the Track Record Period, we had not experienced any material product return or recall.

SALES AND MARKETING

Our sales and marketing efforts are strategically aligned to drive growth, enhance brand awareness, foster meaningful relationships with our existing customers and partners and attract high-quality potential customers and partners.

Sales

We sell our smart cockpit solutions and intelligent vehicle connectivity solutions through direct sales. Through direct sales, we can understand customers' technology and business development plan firsthand, propose technical solutions and product selection, and help customers solve problems efficiently.

We have a dedicated sales team, divided by customer categories, to pursue and ensure specialized and focused service for each client group, enhancing our ability to meet their specific needs and deliver tailored solutions. As of December 31, 2024, our sales team consisted of 46 employees with extensive industry experience and in-depth expertise in our products and solutions. We have established sales offices in major cities in mainland China, including Shanghai, Nanjing, Wuhan and Changchun. Through these sales offices, we have extended our reach to almost all of mainland China. We have also implemented a multi-faceted sales strategy, with an aim to capitalize on high-value opportunities with leading clients, expand our service offerings with existing partners, and cautiously navigate the risks associated with smaller, less predictable customers.

Customer engagement is of critical importance to our sales. According to CIC, it is common for OEMs to engage multiple suppliers for cockpit solutions for the same vehicle model or series in the automotive industry to manage supply chain risks. Most OEMs adopt a multi-supplier model, sourcing the same type of product or service from multiple suppliers, to effectively manage supply chain, mitigate risks including production interruption, quality issues, delivery delays and financial instability, and compare price and product quality to select the best option for their needs. OEMs typically issue a statement of requirements (SOR), which specifies detailed expectations and criteria for both hardware and software development. This ensures that suppliers deliver smart cockpit solutions that meet these requirements with uniformity in terms of interface, response speed, functions and user experience. By providing SOR and HMI design to different suppliers, OEMs can achieve consistent functionality and user experience across the same vehicle model or series, even if different software is implemented.

A typical customer engagement process for our solutions and products can be divided into two stages: project acquisition, and project development and validation.

The first stage is project acquisition, which involves various assessments conducted by OEM customers to ensure that we are capable of delivering the required solutions and products. Initially, we receive the request for quote (RFQ) or SOR, marking the beginning of a possible engagement. These OEM customers usually send RFQ or SOR to multiple suppliers to seek detailed proposals. In response, our experienced R&D and pre-sales support teams collaborate to prepare and submit proposals for a technical review. After the technical review, the customer informs us of the assessment results. In certain cases, technical reviews are carried out by engaging us on specific proof-of-concept projects. OEM customers evaluate the technical expertise and capabilities, quality, supply chain and logistics efficiency, R&D capabillities and pricing of suppliers to make their selection. Receiving letters of invitation indicates that we have been selected as a designated supplier and are qualified to join an OEM's supply chain. Typically, it takes between one to 12 months for our OEM customers to progress from the start of their assessments to the issuance of letters of invitation. For the OEM customers that select us as their designated supplier for the first time, we enter into a framework with them in one to seven months after we receive the letters of invitation.

The second stage, project development and validation, generally begins a month after we receive the letter of invitation. The project development and validation stage is further divided into two distinct phases. First, the customer requirement phase, where we work in close collaboration with OEM customers to fully understand their specific requirements. Second, the product development phase, during which we endeavor to create a solution that effectively meets the specific needs of the OEMs and carry out various processes such as testing, verification, customization, and integration with other subsystems of the vehicles. Typically, project development and validation lasts approximately six to 24 months, depending on the complexity of the project. Throughout the process, we maintain direct relationships and effective communication channels with our customers.

Pricing

We price our products and services taking into account various factors such as product or service costs, material costs (in particular costs of the SoC solutions), market demand, product positioning, competitive landscape, customer budget, long-term customer relationship, and our strategic goals, when we offer a quotation to our customers. By closely monitoring market trends and customer preferences, we adapt our quotations to remain competitive while maximizing value for our customers. In response to technological advancements and changes in the market environment, we adjust quotations of our smart cockpit and intelligent vehicle connectivity solutions accordingly.

Our pricing strategy for smart cockpit and intelligent vehicle connectivity solutions is tailored to reflect the distinct nature of these offerings. For smart cockpit solutions, our pricing takes into account our R&D cost in designing the integrated solutions as well as the cost of the individual components included in the customer's specific solution package. We have two pricing models for intelligent vehicle connectivity solutions: (i) charging OEMs a fixed annual service fee, determined primarily based on our anticipated service costs, or (ii) charging OEMs service fees based on a monthly or annual fee per vehicle and the number of vehicles using our services during the contract term, subject to an upper limit amount.

We typically enter into separate pricing agreements with OEM and Tier-1 customers for smart cockpit solutions for which we start mass production. The pricing agreements specify the vehicle models, product prices, and the duration for which the prices will remain valid. During the agreement term, if the customers modify the design of vehicle models in a way that affects product prices, we will negotiate an appropriate price adjustment and enter into a modified pricing agreement with the OEM customers. Additionally, new pricing agreement can be initiated by either party or only the OEM customers, in some rare cases, due to fluctuations in raw material costs and market prices of our products, as well as technological breakthroughs that necessitate a price adjustment.

Marketing

Our marketing efforts are aimed at enhancing brand awareness, promoting our products and solutions, and engaging with key stakeholders across various channels. By leveraging the expertise of our sales and marketing team, we enhance our market penetration and effectively promote our offerings in various sectors, establishing a strong presence and driving sustainable growth.

OUR CUSTOMERS

Our customers primarily consist of Chinese OEMs, sino-foreign joint venture OEMs, and international OEMs that install our smart cockpit solutions and products on their vehicles or purchase our intelligent vehicle connectivity solutions.

For the years ended December 31, 2022, 2023 and 2024, the aggregate revenue generated from our top five customers in each year of the Track Record Period amounted to RMB1,018.5 million, RMB966.4 million, and RMB1,902.1 million, which accounted for 83.6%, 64.6%, and 74.4% of our total revenue, respectively. For the same years, revenue from the largest customer amounted to RMB404.4 million, RMB428.2 million and RMB998.5 million, which accounted for 33.2%, 28.6% and 39.1% of our total revenue, respectively. According to CIC, the high concentration rate of major customers is the industry norm of the automotive intelligence industry, because of the strong demand for specific products and solutions, such as smart cockpits and intelligent vehicle connectivity solutions, from certain vehicle models. We consistently evaluate and refine our customer portfolio. Looking ahead, our strategy involves expanding our design wins and prioritizing various high-quality vehicle models to achieve market success. See "Risk Factors — Risks Relating to Our Business and Industry — We currently have a concentrated customer base with a limited number of key customers for a significant portion of our revenue. If we were to lose or see a significant drop in sales to these major customers, our revenue could be adversely affected, and our results of operations could be further negatively impacted."

The following tables set out details of our five largest customers in each year of the Track Record Period:

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Year ended December 31, 2022							
Customer A . .	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	404,432	33.2%
Customer B . .	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	310,143	25.5%
Customer C . .	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1953 and headquartered in Changchun, Jilin Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shenzhen Stock Exchange	2015	Bank transfer	30 to 365 days	110,096	9.0%

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Customer D	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	106,928	8.8%
Customer E	Smart cockpit solutions, intelligent vehicle connectivity solutions	A limited company established in 1986 and headquartered in Hangzhou, Zhejiang Province, primarily focusing on manufacturing automobiles and providing automobile-related products and services, whose major subsidiary is listed on the Hong Kong Stock Exchange	2015	Bills and bank transfer	90 days	86,855	7.1%
Total						**1,018,454**	**83.6%**
Year ended December 31, 2023							
Customer A	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	428,223	28.6%

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Customer B	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	167,366	11.2%
Customer D	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	139,630	9.3%
Customer F	Smart cockpit solutions(1)	A limited company established in 2019 and headquartered in Chongqing, primarily focusing on providing automotive intelligent connected products and services	2023	Bills and bank transfer	60 days	127,884	8.5%
Customer G	Smart cockpit solutions	A limited company established in 2014 and headquartered in Tongxiang, Zhejiang Province, primarily focusing on manufacturing electric vehicles and providing related services	2021	Bills and bank transfer	60 to 90 days	103,338	6.9%
Total						**966,441**	**64.5%**

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Year ended December 31, 2024							
Customer H	Smart cockpit solutions	A limited company established in 2021 and headquartered in Beijing, primarily focusing on manufacturing and providing new energy vehicles, whose controlling company is listed on the Nasdaq Stock Market and the Hong Kong Stock Exchange	2023	Bank transfer	120 days	998,548	39.1%
Customer A	Smart cockpit solutions	A wholly state-owned limited company established in 1991 and headquartered in Wuhan, Hubei Province, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiaries are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange	2018	Bills and bank transfer	30 to 90 days	365,502	14.3%
Customer B	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1995 and headquartered in Shanghai, primarily focusing on manufacturing passenger and commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2009	Bills and bank transfer	60 to 90 days	265,786	10.4%
Customer I	Domain controller manufacturing services	A limited company established in 2003 and headquartered in Shenzhen, Guangdong Province, primarily focusing on investment management and holding activities, notably holding a subsidiary primarily focusing on the research, manufacturing, sales and services of automobile-related products and intelligence systems	2019	Bank transfer	60 days	148,842	5.8%

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue Amount	% of Our Total Revenue
						(RMB in thousands)	
Customer D . .	Smart cockpit solutions, intelligent vehicle connectivity solutions	A wholly state-owned limited company established in 1994 and headquartered in Beijing, primarily focusing on manufacturing passenger and Commercial vehicles and providing automobile-related products and services, whose major subsidiary is listed on the Shanghai Stock Exchange	2018	Bills and bank transfer	60 days	123,459	4.8%
						1,902,137	74.4%

Note:

(1) Customer F shifted its primary business focus to smart cockpit solutions in 2023. Due to its insufficient production capacity to fulfill demand, it purchased modules for smart cockpits from us to integrate advanced features into their own offerings, thereby enhancing its ability to supply OEM customers effectively.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our top five customers were independent third parties, except for Customer A and Customer C, which are also our shareholders. As of the Latest Practicable Date, 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 had any interest in any of our five largest customers in each year during the Track Record Period.

Salient Terms of Contracts with OEMs

A summary of the typical terms and conditions of our agreements with key OEMs customers is set forth below:

- *Term.* The agreements generally have a duration of one year, which can be renewed automatically.

- *Product/Solution specifications*. Our customers specify the products or solutions, specification, price, quantity, delivery timeline and other detailed items in each purchase order, which are required to comply with the relevant standards and regulations. Particularly, we deliver intelligent vehicle connectivity solutions for users of our customers.

- *Payment arrangement.* We typically settle with our customers via bank transfer or bills.

- *Warranty*. We offer a product warranty to our OEM customers. See "— Customer Service and Warranty."

- *Confidentiality*. Neither party shall disclose any confidential information to any third party without obtaining prior written consent.

- *Exclusivity*. Typically, the agreements between us and our OEM customers do not include exclusivity clauses.

Customer Service and Warranty

We maintain a dedicated after-sales team committed to enhancing customer satisfaction. Our team promptly addresses pre- and post-sales inquiries, swiftly diagnosing and resolving customer issues with precision. Upon receiving a complaint, our customer service team initiates a thorough investigation, meticulously documenting all relevant details and collaborating closely with other internal departments to assess the validity and root cause of the issue. This collaborative approach enables us to identify and implement appropriate corrective actions swiftly, minimizing any inconvenience or disruption experienced by the customer. We maintain open lines of communication with customers, providing regular updates on the status of their complaint and ensuring that they are kept informed every step of the way. During the Track Record Period and up to the Latest Practicable Date, we have not received any material customer complaints.

We offer a product warranty for our OEM customers that typically spans three to five years or 60,000 to 150,000 kilometers. Within this warranty period, any software or hardware-related quality concerns reported by the OEM that stem from our end will be promptly addressed with repairs or replacements at no additional cost, subject to specific conditions for each issue. If claims arise due to defects in raw materials or components sourced from our suppliers, we may hold them responsible for the associated product liability. In 2022, 2023, and 2024, we incurred after-sales service expenses of RMB21.8 million, RMB25.0 million, and RMB32.0 million, respectively. Our after-sales service expenses consisted primarily of, provision for product warranty and expenses incurred in connection with after-sales service performance. We make provisions for product warranty primarily in connection with domain controllers of smart cockpits and the amount of such provisions is estimated based on a percentage of our revenue from sales of smart cockpit hardware products.

In addition, we offer software updates, as well as product enhancements and upgrades, to ensure an exceptional user experience. Typically, we provide OTA updates within one to three months after the series production. However, the timing and scope of updates and upgrades are tailored to each customer's specific requirements. We maintain proactive communication with our customers to ensure a seamless and satisfying experience, consistently meeting their needs with precision and care.

OUR SUPPLIERS

Our suppliers primarily consist of System on a Chip (SoC) solution providers, providers of parts and components for smart cockpits, and software providers. For the years ended December 31, 2022, 2023 and 2024, the aggregate purchases from our top five suppliers in each year amounted to RMB313.8 million, RMB400.5 million, and RMB1,075.9 million, which accounted for 32.1%, 40.8% and 56.6% of our total purchases, respectively. For the same years, purchases from our largest supplier in respective year amounted to RMB79.9 million, RMB136.4 million, and RMB478.8 million, which accounted for 8.2%, 13.9%, and 25.2% of our total purchases, respectively. The following tables set out details of our five largest suppliers in each year of the Track Record Period:

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Year ended December 31, 2022						
Supplier A . .	Automotive-grade chips	A private limited company established in 2015 and located in Hong Kong, which is a subsidiary of global analog and embedded semiconductors designer and manufacturer listed on the Nasdaq Stock Market	2020	Bank transfer	79,918	8.2%
Supplier B . .	Modules and automotive-grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	77,260	7.9%
Supplier C . .	Automotive-grade chips	A private limited company established in 1999 and located in Hong Kong, which is a subsidiary of a global semiconductor distribution services provider listed on the Taiwan Stock Exchange	2019	Bank transfer	67,232	6.9%
Supplier D . .	Display screens	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic equipment and components	2020	Bills and bank transfer	54,636	5.6%
Supplier E . .	Automotive-grade chips and modules[1]	A limited company established in 2001 and headquartered in Shanghai, primarily focusing on providing automobile electronic components and related services	2016	Bills and bank transfer	34,705	3.6%
Total					**313,751**	**32.2%**

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Year ended December 31, 2023						
Supplier F . .	Automotive-grade chips	A limited company established in 2021 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing automobile components	2023	Bank transfer	136,372	13.9%
Supplier G . .	Modules[(1)]	A limited company established in 2010 and headquartered in Shanghai, primarily focusing on providing IoT solutions and wireless modules, which is listed on the Shanghai Stock Exchange	2020	Bank transfer	82,278	8.4%
Supplier H . .	Automotive-grade chips	A limited company established in 2006 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing comprehensive supply chain services	2023	Bank transfer	65,212	6.6%
Supplier B . .	Modules and automotive-grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	58,573	6.0%
Supplier A . .	Automotive-grade chips	A private limited company established in 2015 and located in Hong Kong, which is a subsidiary of global analog and embedded semiconductors designer and manufacturer listed on the Nasdaq Stock Market	2020	Bank transfer	58,069	5.9%
Total					**400,504**	**40.8%**
Year ended December 31, 2024						
QUALCOMM CDMA Technologies Asia-Pacific Pte. Ltd. . .	Automotive-grade chips	A private limited company established in 1999 and located in Singapore, which is a subsidiary of Qualcomm, Inc., the global automotive-grade chip provider listed on the Nasdaq Stock Market	2021	Bank transfer	478,774	25.2%
Supplier C . .	Automotive-grade chips	A private limited company established in 1999 and located in Hong Kong, which is a subsidiary of a global semiconductor distribution services provider listed on the Taiwan Stock Exchange	2019	Bank transfer	191,815	10.1%
Supplier B . .	Modules and automotive grade chips	A limited company established in 2018 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic components and related services	2020	Bills and bank transfer	139,609	7.3%

Suppliers	Major Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Payment Method	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Supplier E . .	Automotive-grade chips and modules(1)	A limited company established in 2001 and headquartered in Shanghai, primarily focusing on providing automobile electronic components and related services	2016	Bills and bank transfer	134,764	7.1%
Supplier I. . .	Automotive-grade chips and modules	A limited company established in 2017 and headquartered in Shenzhen, Guangdong Province, primarily focusing on providing electronic products, and computer software and hardware.	2024	Bills and bank transfer	130,965	6.9%
					1,075,927	**56.6%**

Notes:

(1) Modules are integrated units that combine multiple hardware components and functionalities into a single and cohesive unit. Modules generally consist of multiple chips, printed circuit board (PCB), and various electronic components such as resistors, capacitors, inductors, and shielding covers.

(2) Hardware components are individual physical elements used to build or assemble larger systems, including discrete parts such as sensors, connectors, and circuit boards.

(3) We started engaging Supplier F and Supplier H in 2023 to provide us with automotive-grade chips due to the increased demand for domain controllers from our OEM customers. We continue to procure automotive-grade chips from these two suppliers though the procurement amount from each of them did not place them among our five largest suppliers for the year ended December 31, 2024.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our top five suppliers were independent third parties. As of the Latest Practicable Date, 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 had any interest in any of our five largest suppliers in each year during the Track Record Period.

Salient Terms of Supply Agreements

A summary of the typical terms and conditions of our framework agreements with key suppliers is set forth below:

- *Term.* The agreements generally have a duration of three years.

- *Product/Solution specifications*. We specify the products or solutions, specification, price, quantity, delivery timeline and other detailed items in each purchase order.

- *Quality control*. The suppliers shall provide products or solutions in accordance with the quality standards and requirements specified by us. All products are subject to inspection and approval by us and our customers.

- *Delivery*. The suppliers are generally responsible for delivery of products to our designated location specified in each purchase order.

- *Payment arrangement.* We usually pay our suppliers via bank transfer or bills.

- *Return policy*. We have the right to reject and return, or to request replacement or maintenance of non-conforming products, even if the non-conformity does not become apparent until the processing or production stage. Suppliers shall bear the reasonable expenses regarding such returns.

- *Confidentiality*. Suppliers are obliged to keep our trade secrets. Such information shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without our prior consent.

Procurement of Raw Materials, Parts and Components

During the Track Record Period, raw materials we procured from suppliers mainly consisted of automotive-grade chips, screens, and other hardware components. In 2022, 2023 and 2024, our aggregate purchases of automotive-grade chips amounted to RMB498.9 million, RMB617.1 million and RMB1,290.7 million, respectively, which accounted for 51.1%, 62.9% and 71.7% of our total purchases, respectively. For the same years, our aggregate purchases of screens amounted to RMB148.4 million, RMB116.2 million, and RMB97.9 million, respectively, which accounted for 15.2%, 11.8%, and 5.4%, respectively.

During the Track Record Period, we procured various types of automotive-grade chips, including SoCs, memory chips, audio and video transmission chips, communication modules and power management chips. The following table sets forth a breakdown of purchase value of automotive-grade chips by types for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Purchase Value	% of Total	Purchase Value	% of Total	Purchase Value	% of Total
	(RMB in thousand, except for percentages)					
SoCs	180,095	36.2	262,016	42.5	596,213	46.2
Communication	35,589	7.1	103,312	16.7	192,768	14.9
Memory	63,325	12.7	97,576	15.8	187,984	14.6
Audio and video transmission	85,418	17.1	76,298	12.4	160,022	12.4
Power management	62,912	12.6	26,488	4.3	40,672	3.1
Other[1]	71,589	14.3	51,403	8.3	113,048	8.8
Total purchase amount	**498,928**	**100.0**	**617,093**	**100.0**	**1,290,707**	**100.0**

Note:

(1) Other chips consist mainly of MCU, DAB chips, GNSS chips and Bluetooth & Wi-Fi modules.

Among all chip types, the SoC is the core component in smart cockpit domain controllers, and powers essential systems such as navigation, infotainment, in-vehicle connectivity and multi-screen interactions. In 2022, 2023 and 2024, our purchases of SoCs amounted to RMB180.1 million, RMB262.0 million, and RMB596.2 million, respectively, representing 36.2%, 42.5% and 46.2% of our total purchase amount of automotive-grade chips. Specifically, our purchases of Qualcomm SoCs amounted to RMB121.2 million, RMB115.8 million and RMB518.7 million during the same periods, accounting for 67.3%, 44.2% and 87.0% of our total purchase amount of automotive-grade chips. As we strategically focus on offering smart cockpit solutions equipped with mid-end and high-end SoCs and associated modules, we depend on a limited number of suppliers, such as Qualcomm, and MediaTek. To ensure a stable supply of chips and mitigate potential supply chain disruptions, we adopt a proactive procurement strategy by budgeting additional chip inventory when making purchases. Our purchasing decisions are based on a comprehensive evaluation of market conditions, historical consumption patterns, and forecasted demand for our products. We closely monitor fluctuations in chip availability and lead times, thereby making informed adjustments.

While our business activities are not currently affected by U.S. export control laws in any material respect, we procured certain chips which are subject to the EAR from non-U.S. based suppliers. However, U.S. export control laws and regulations continue to expand and evolve, future U.S. export controls may materially affect or target some of our key suppliers or customers, raw material and key components necessary for our operations. Our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable. While we cannot provide any assurance that its future business will be free of sanctions and export controls risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions, because the procured items subject to the EAR that we procured to date are either controlled solely for anti-terrorism reasons, or largely medium-capacity chips commonly used in the automotive industry and classified under ECCNs 5A992.c and 3A991 or as EAR99, our legal advisor as to U.S. export control laws is of the view that the likelihood that our business activities will be captured by future revisions to U.S. export controls appears fairly low.

We believe that we can find domestically produced alternatives for the chips or deploy other self-developed software used in our products that fall under the EAR. In particular, in connection with chips, we have conducted extensive market research on domestic chip manufacturers, focusing on various chip types utilized in our products. There have been established domestic Chinese chip-makers with mass production capabilities, which may be capable of replacing overseas chip-makers after necessary verification of the relevant products. With the continuous improvement in feature and quality, such domestically produced products have the potential to be comparable to imported chips. However, we cannot be certain as to the direction the U.S. government may take on additional controls related to semiconductor products or other products deployed. If the U.S. export control restrictions heighten to the extent where we can no longer export the necessary chips used in our key products, we will need to source new chips and/or software, or collaborate with other suppliers as an alternative.

On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking ("NPRM") that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the "Proposed Rule"). The Proposed Rule identifies significant national security concerns associated with connected vehicles and related connect components and software designed, developed, manufactured or supplied by companies located in or headquartered in China or Russia, and is expected to have a major impact on the automotive and ICTS sectors. Specifically, the Proposed Rule bans the importation and sale of hardware and software components integrated into Vehicle Connectively Systems ("**VCS**") (largely technology that connects the vehicle to the internet) and software integrated into ADS (but excluding ADAS) absent a general or specific authorization. It also prohibits connected vehicle manufacturers that are owned by, controlled by, or subject to the jurisdiction of China or Russia from selling connected vehicles that incorporate VCS hardware or covered software in the United States. If adopted, prohibitions on software would go into effect for model year 2027 vehicles and prohibitions on hardware would take effect for Model Year 2030 vehicles, or January 1, 2029 for units without a model year. The Proposed Rule establishes a requirement that connected vehicle manufacturers, which would be most OEMs and all importers, submit declarations of conformity, sets out the conditions for general and specific authorizations, establishes a process for industry stakeholders to seek an advisory opinion from BIS with respect to specific transactions, and establishes a process to inform VCS hardware importers and connected vehicle manufacturers that a specific authorization may be required. The Proposed Rule was formalized in BIS Final Rule on January 16, 2025 ("Final Rule") with a narrower scope of the restrictions and reduced compliance burden on the automotive industry. In particular, the Final Rule does not apply to commercial vehicles, vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Rule. As of the Latest Practicable Date we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and we do not intend to actively develop our business in the United States as a market in the future. During the Track Record Period and up to the Latest Practicable Date, our business activities had not been affected by certain U.S. export restrictions related to semiconductor, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR and Macau SAR or other U.S. export and import control laws in any material respect.

Impact of the Global Chip Shortage

During the Track Record Period, we experienced some fluctuations in prices of automotive-grade chips. We generally procure chips based on customers' demand and our production plans, with orders placed in advance to suppliers. The COVID-19 pandemic adversely affected the worldwide supply chains and caused a global chip shortage starting in late 2020 which led to a sharp increase in chip prices until 2022. The chip shortage mainly resulted in delayed delivery and increased costs of the chips we purchased. Since some chips could not be delivered on schedule as planned, we also purchased high-priced in-stock chips from certain suppliers, thereby increasing the procurement costs of certain chips.

However, we successfully secured our chips supplies in 2022 with the following measures and strengths: (i) as one of the leading companies in the smart cockpit industry, we have maintained long-term cooperative relationships with multiple chip manufacturers and distributors, (ii) we established a strategic procurement department responsible for the procurement of various raw materials, formulating effective mechanisms for procurement management and supplier entry, (iii) our supply chain center generally sends orders to suppliers in advance based on our annual and monthly procurement plans formed after discussions with multiple departments, including business, production, and finance, along with the chip delivery cycles, and (iv) we proactively expanded our network of suppliers to ensure sufficient chip supply for our production.

Since 2023, the supply of chips has stabilized, leading to a decline in chip prices. According to CIC, the average price of mainstream SoCs for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024, respectively. The average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions is expected to increase at a moderate rate in the near future, according to CIC. For details, see "Industry Overview — Global and China's Passenger Vehicle Smart Cockpit Solution Market — Main Materials for Passenger Vehicle Smart Cockpit Solution."

Our advanced smart cockpit solutions rely on chips as critical components, which in turn makes our business dependent on chip suppliers. See "Risk Factors — Risks Relating to Our Business and Industry — Because chips and modules integrated into our products are sourced from single or limited source of suppliers, we are susceptible to supply shortages, long lead times for chips and modules, supply changes, and changes in business relationship, any of which could disrupt our supply chain and could delay deliveries of our products to customers." We included price adjustment provisions in domain controller sales contracts with our major customers, according to which new pricing agreement can be initiated by either party or only the OEM customers, in some rare cases, due to fluctuations in raw material costs and market prices of similar domain controllers or drastic technological changes that necessitate a price adjustment. Additionally, we have adopted a multifaceted approach to ensure a stable supply. For instance, we have established strategic partnerships with our primary suppliers, securing long-term commitments and ensuring a consistent flow of essential raw materials and components. In addition, we are actively broadening our supplier base to diversify our sourcing options for crucial raw materials and components. We believe such strategies help to mitigate dependence on existing suppliers and enhance the resilience of our supply chain. During the Track Record Period, our supply chain remained stable, and our procurement efforts successfully ensured consistent supply without significant delivery delays.

Quality Control for Procurement

We have formulated detailed quality standards for raw materials, covering both technical specifications and regulatory compliance requirements. We only procure raw materials from selected suppliers that can satisfy our stringent standards to ensure the consistently high quality and performance of our products. We intend to maintain stable business relationships with our major suppliers of raw materials. We generally maintain long-term business relationship with major raw materials suppliers during the Track Record Period. However, we cannot assure you that we will maintain our business relationships with our major suppliers on similar terms, if at all. Although we maintain a list of backup suppliers, if any supplier fails to deliver raw materials timely, we are still subject to risks associated with a shortage of raw materials. See "Risk Factors — Risks Relating to Our Business and Industry — Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our intelligent vehicle connectivity solutions may materially and adversely affect our business and profitability."

Our procurement team is responsible for communicating with suppliers, keeping procurement records, and evaluating potential and existing suppliers. The procurement team also maintains a list of qualified suppliers, which is reviewed annually. Our procurement team works closely with other internal teams to ensure proper management of our procurement process. For example, our R&D team is responsible for providing specifics of raw materials to be purchased, while our production team monitors the usage and need of raw materials on a rolling basis and evaluates the performances of sample and actual raw materials. Our quality control team is also involved in the procurement process to ensure compliance with internal and regulatory standards.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, there was some overlapping between our major customers and suppliers.

Customer E, being our fifth largest customer for the year ended December 31, 2022, was also our supplier in 2022 and 2023. We mainly provided smart cockpit solutions and intelligent connectivity solutions to Customer E, and Customer E mainly provided IoTs and software to us, some of which were also incorporated into the smart cockpits we subsequently sold to Customer E at the group level. In 2022 and 2023, our sales to Customer E amounted to RMB86.9 million and RMB102.2 million, accounting for 7.1% and 6.8% of our total revenue, respectively, and our purchases from Customer E amounted to RMB14.8 million and RMB26.3 million, accounting for 1.5% and 2.7% of our total purchases, respectively. In 2024, we generated revenue of RMB62.8 million from Customer E, accounting for 2.5% of our total revenue, while we did not have purchases from Customer E in the same year.

Customer I, being our fourth largest customer for the year ended December 31, 2024, was also our supplier in 2024. We use modules, software and other hardware components provided by Customer I to assemble and deliver domain controllers and screens to Customer I. Customer I provided software integrated into smart cockpits delivered to another OEM customer for us in 2024. In 2022, 2023 and 2024, our sales to Customer I amounted to RMB19.5 million, RMB16.7 million and RMB148.8 million, accounting for 1.6%, 1.1% and 5.8% of our total revenue, respectively, and our purchases from Customer I was RMB134.4 million, accounting for 0.1% of our total purchases in 2024.

According to CIC, it is common for leading enterprises in the automotive intelligence industry to operate across multiple segments across the entire value chain, and it is a norm in the automotive intelligence industry that upstream and downstream enterprises along the value chain transact with each other as suppliers and customers.

Negotiations of the terms of our sales to and purchases from the overlapping customer and supplier were conducted on a project-by-project basis and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from these overlapping customers and suppliers were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm's length basis. As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders who owned more than 5% of the issued share capital of our Company, had any interest in any of our overlapping customers and suppliers during the Track Record Period.

INTELLECTUAL PROPERTY

Intellectual property rights serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. It is vital for us to secure and uphold our intellectual properties to safeguard our innovative technologies, inventions, and expertise.

We have established ourselves as a significant hub of intellectual property within our industry. In 2023, we were named a National Intellectual Property Leading Enterprise by the China National Intellectual Property Administration. In the same year, two of our proprietary technological innovations related to smart cockpit solutions and intelligent vehicle connectivity solutions were acknowledged as internationally leading technologies by the NEVC. We were recognized as a Specialized and Innovative "Little Giant" Enterprise (專精特新"小巨人"企業) by the MIIT in 2024. As of the Latest Practicable Date, we have applied for 6,034 patents, among which 4,979 are invention patents, accounting for approximately 82.5% of our applications, and we have been granted 1,721 patents as of December 31, 2024, among which 898 are invention patents, accounting for 52.2% of the granted patents. As of December 31, 2024, we owned 642 trademarks, four registered domain names and 88 software copyrights in various categories in the PRC.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal, arbitral, or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirm that they are not aware of any material legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. See "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" for details of our material intellectual property rights.

AWARDS AND ACHIEVEMENTS

During the Track Record Period, we have received recognition for the quality and popularity of our products. The following table sets forth some of the significant awards and recognition we had received from the relevant authorities and organizations in China as of the Latest Practicable Date:

Award/Recognition	Awarding Authority	Award Year
專精特新"小巨人"企業	MIIT	2024
Top 100 Private-owned Manufacturing Enterprises in Shanghai (上海市民營製造業企業100強)	Shanghai Enterprises Federation	2024
2023 Advanced Enterprises in Quality Standard Innovation (2023年度質量標準創新先進企業)	International Automotive Quality Standardization Association	2024
2023 National Center for Enterprise Technology (國家企業技術中心)	National Development and Reform Commission, Ministry of Finance, General Administration of Customs, and State Administration of Taxation	2024
2023 Top 100 Hard Core Technology Enterprises in Shanghai (上海硬核科技企業百強)	Shanghai Municipal Economic and Informatization Commission	2023 & 2024
Enterprises with Advantages in National Intellectual Property (國家知識產權優勢企業)	China National Intellectual Property Administration	2023
2023 Hurun Global Unicorn List (胡潤全球獨角獸)	Hurun Research Institute	2023
Company with Most Investment Value in the Intelligent Vehicle Industry (智能汽車行業最具投資價值公司)	Gaogong Intelligent Vehicle Research Institute	2023
2023 (The Seventh) GGAI Golden Globe Awards — Leading Cross-Platform Smart Cockpit System Supplier of the Year (年度跨平台智艙系統領軍供應商)	Gaogong Intelligent Vehicle Research Institute	2023
Shanghai Innovative Enterprise Headquarters (上海市創新型企業總部)	Shanghai Municipal Development & Reform Commission	2023
Top 100 Manufacturing Enterprises in Shanghai (上海市製造業企業100強), Top 100 Private-owned Manufacturing Enterprises in Shanghai (上海市民營製造業企業100強)	Shanghai Enterprises Federation	2023

PRIVACY AND DATA SECURITY

We are steadfast in our commitment to protecting privacy and data security. We have designed stringent policies and procedures to ensure that the collection, use, storage, transmission, and dissemination of data are in compliance with all applicable laws and regulations, optimize data governance, and protect the benefits of our customers, employees and other third parties. See "Regulatory Overview" for details on privacy and data security regulations. We adhere to these data management, operational and maintenance policies, and procedures to safeguard the confidentiality, integrity, and availability of data collected and processed throughout our operations of business and recognize it as an essential pillar of our operational integrity.

Data Collection, Desensitization and De-identification

Our data collection processes are underpinned by rigorous de-identification and desensitization procedures. During the Track Record Period, we collected certain types of users' basic information, such as telephone numbers when they sign up for our in-vehicle user interface system, which are collected with prior consent in accordance with applicable laws and regulations. We also collected users' location information, mobile devices information, and basic vehicle information such as the car models and license plate numbers. We may also gather data on vehicle operations, such as ignition and shutdown times, oil temperature, and water temperature. In addition, the DMS primarily assesses driving habits by using in-vehicle sensors to collect data on the driver's facial expression, head posture, eye openness, heart rate, as well as vehicle operating data such as speed and acceleration. Such data is only collected and processed locally within the vehicle and is not transmitted to our servers. As advised by our PRC Legal Adviser, based on the foregoing fact, we do not actually have control over such data or information and thus is not considered to have "collected" such data or information when assessing driving habits pursuant to the Personal Information Security Specification (GB/T 35273-2020). Before any data is utilized for the purposes of design, production, research and development of our offerings, it undergoes meticulous transformation into desensitized and de-identified formats. For example, we replace individual telephone numbers with user ID for subsequent data processing. This meticulous approach not only minimizes privacy risks but also ensures compliance with stringent data privacy regulations.

Data Storage and Retention

We store data collected and generated during our domestic business operation in cloud data centers operated by three different third-party providers located within the territory of China. Our data retention policies are meticulously crafted to balance business needs with regulatory requirements while minimizing the risk of data exposure. We strictly follow the data storage period for data with a minimum storage period as requested by law. Data with no such specific storage period is retained for the necessary duration with stringent controls in place to ensure secure storage and disposal when no longer needed. Generally, we do not retain data for more than one year. We conduct regular assessments to ensure secure storage and disposal when no longer needed.

To further fortify data security, we leverage advanced technologies and robust measures to safeguard against potential threats through life-cycle data management, from data entry to data destruction. We store user data in encrypted format and adopt a combination of full backup and incremental backup to ensure that our collected data is well maintained. We also conduct routine data backups to mitigate the risk of data loss or corruption, enhancing resilience against potential security threats.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not encountered any material data or personal information leakage, and the data we possessed and stored had not been used in a way in violation with individuals' rights.

Data Usage and Protection

Data usage is governed by stringent policies and procedures designed to ensure compliance with regulatory requirements and safeguard individual privacy. Access to confidential and important data is tightly controlled with a robust internal approval system. Only when our employees obtain approval from responsible personnel can they have access to data which is directly relevant and necessary for their responsibilities and for limited purposes. We closely monitor the access frequency of such employees to ensure their compliance with our data protection protocols.

We carry out all data processing activities within the territory of China in accordance with relevant laws and regulations. We have adopted robust internal rules and procedures designed to prevent illegal and/or unauthorized transmission of data. Data transmission and storage are protected through encryption technologies at both software and hardware levels, ensuring data integrity and confidentiality.

Data Security Awareness

We enter into confidentiality agreements with our employees, outlining their legal obligations not to disclose, distribute, or sell confidential information to any party, including fellow employees without access to such information. Upon the conclusion or termination of their employment, employees are required to return all confidential materials and maintain their confidentiality thereafter. Breaches of confidentiality or misconduct resulting in the leakage of confidential information may result in penalties for employees. In addition, we prioritize employee training to reinforce compliance with our data security protocols and underscore the significance of reasonable data usage. Authorized employees undergo data privacy training and are mandated to promptly report any potential data leaks to us.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claims or penalties regarding unauthorized use and/or transfer of personal information, which had caused a material and adverse effect on our business, financial condition, or results of operations. Our PRC Legal Advisor is of the view that we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection.

COMPETITION

Smart cockpits are an essential component in the automotive industry's intelligent transformation, providing users with the most tangible and perceivable benefits from automotive intelligence technologies. We primarily operate in the passenger vehicle smart cockpit solution market and the intelligent vehicle connectivity market. The markets in which we operate are in their early stage of development and are intensely competitive. The markets are characterized by rapid changes in technology, shifting customer demands and frequent introduction of new services and products. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future.

China is the world's largest passenger vehicle market. The market size of China's passenger vehicle smart cockpit solution industry grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%, according to CIC. As Chinese consumers' demand for intelligent, connected, and immersive driving experience continues to grow, the size of China's passenger vehicle smart cockpit solution market is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029. Driven by intelligent transportation systems, a data-driven economy, and policy support, the China's market size for the intelligent vehicle connectivity industry increased from RMB13.8 billion in 2020 to RMB37.9 billion in 2024, which accounted for 35.4% of the global market in 2024, representing a CAGR of 28.7%. The China's market size for the intelligent vehicle connectivity industry is expected to reach RMB75.3 billion by 2029, with a CAGR of 14.7%. For details, see "Industry Overview."

SEASONALITY

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, it can impact the delivery of our solutions in the fourth quarter of each year. Our delivery of solutions typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonality."

IMPACT OF THE COVID-19 PANDEMIC

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has materially and adversely affected the China's and global economy. The COVID-19 pandemic had adverse impact on automotive OEMs' operations as their manufacturing and sales generally slowed down and their production schedule experienced delays due to the global supply shortage of certain raw materials and components. The

COVID-19 outbreaks in China and the measures taken to contain the spread caused adverse effect to the extent that certain on-site office activities, manufacturing process, and research and development activities had to be delayed or cancelled. We managed to mitigate the impact on our operations and performance by taking various measures, including implementing remote work arrangements for research and development activities, stocking raw materials, maintaining continuous operation of our factories, and working with logistics and transportation partners to guarantee timely delivery of our products. There were not disruptions on our production activities due to COVID-19 outbreak. We believe that our operational and financial performance was not materially affected by the COVID-19 pandemic during the Track Record Period. After the COVID-19 pandemic subsided in early 2023, our business and the operation resumed to normal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are fully committed to integrating sustainable development principles into our daily operations and decision-making processes. We recognize our responsibility to uphold high standards in environmental, social and governance ("ESG") practices.

Our Board assumes the responsibility of establishing, adopting, and reviewing our ESG policies, vision, and goals on an annual basis. They evaluate and address our ESG-related risks while also considering the adoption of additional policies related to environmental protection, social responsibility and internal governance. Our management is responsible for developing the Company's ESG strategy, policy, and reporting, including assessing and managing environmental and climate-related risks, with oversight provided by the Board. Our management is specifically in charge of (i) designating a representative who will be in charge of determining the responsibilities and authority of each department head with regard to ESG matters; (ii) approving our environmental objectives and employee training plans; (iii) making sure there are enough resources available to establish, implement, and maintain the environmental management system; (iv) assessing and mitigating our ESG risks on a regular basis; and (v) taking action in response to potential environmental accidents.

We have also established a specialized Environment, Health, and Safety ("EHS") Management Committee at the business level, which is responsible for formulating our EHS decisions, convening EHS Management Committee meetings, discussing and approving the personnel adjustments, responsibilities revision, system establishment and other work.

Potential Impacts of ESG-related Risks

Given the nature of our business, we do not generate significant emissions, waste, or heavy pollution. Nevertheless, monitoring environmental, social, and climate-related risks that could affect our business, strategy, and financial performance remains a key priority.

As a provider of smart cockpit solutions and intelligent vehicle connectivity, our emissions mainly fall under Scope 2, as defined by the Listing Rules. Through ongoing tracking and review of emission indicators, we have taken proactive steps to reduce carbon emissions and improve waste management. Hazardous waste is managed by third-party contractors in compliance with national regulations.

During the Track Record Period, we have not incurred significant capital expenditure or compliance costs related to climate and environmental protection.

Identification, Assessment, Management and Stakeholder Engagement

We have identified environmental, social and climate-related material issues through regular assessments and internal reporting processes. We also actively interact with external stakeholders, including our customers and suppliers, government agencies and business partners, through various effective communication channels exchanges. Their valuable feedback is consolidated and incorporated into our materiality assessment and corporate strategy where applicable, ensuring their perspectives are considered in our management decision-making process. We steadfastly believe that the materiality assessment is pivotal to the sustainable development of our business.

Environmental Protection

We attach great importance to environmental protection and commit to reduce air pollution, water usage, energy consumption, and reduce carbon emissions. Our EHS management committee is actively supporting all departments in implementing the ISO 14001 Environmental Management System and the ISO 45001 Safety and Health Management System. We have issued EHS Training Management Regulations and provided employees with training on our environmental policies to enhance their awareness of environmental protection.

We believe we have taken effective measures to ensure compliance with exhaust gas emission standards and the responsible disposal of hazardous waste. For instance, we have introduced Environmental Safety and Health Accountability Policy and integrated environmental protection commitment into our sourcing policy. In addition to complying with statutory requirements, we are dedicated to continuously strengthening our environmental and energy management systems, improving our environmental practices, and increasing energy efficiency. We promote a green office culture, aiming to reduce water and paper usage, and seek to balance sustainable development with business growth. We closely monitor key indicators to reduce environmental risks in our business activities and implement measures to reduce resource consumption and waste generation. We have set a target to reduce GHG intensity emissions by 2% by 2026.

Emissions

We are insisting on continuing to optimize the production process, reduce the emissions during our production process, and strengthen the absorption of waste gas. We also employ a third-party organization to monitor the environment in our production area.

The following table sets forth the emission data of our Xiamen facility during the Track Record Period are as follow.

		For the year ended December 31,		
Category	**Unit**	**2022**	**2023**	**2024**
Tin and its compounds	ton	0[(1)]	0[(1)]	0[(1)]
Non-methane total hydrocarbon	ton	0.15	0.37	0.14

Note:

(1) The data for tin and its compounds is reported as zero due to rounding.

We are planning to set a quantitative reduction target by 2026, based on the progress of production expansion and our business development. In our production and operational activities, electricity consumption is the primary source of GHG emissions. We are committed to continuously leveraging our information management system to enhance electricity efficiency and minimize energy waste. Additionally, we aim to optimize equipment operation by reducing unnecessary power consumption, preventing equipment idling, and lowering energy usage through standardized internal audits and regular maintenance.

The following table sets forth the GHG emission data of our Xiamen facility during the Track Record Period. We prioritize the recording of GHG emission of Scope 1 and Scope 2 emissions in our production facilities, as the main source of GHG emissions in our production activities is related to the usage of electricity. We also plan to gradually expand and improve the Scope 3 emission data calculation and formulate feasible carbon targets as appropriate.

		For the year ended December 31,		
Category	**Unit**	**2022**	**2023**	**2024**
Scope 1 Emission	tonnes of CO_2 equivalents	5.69	8.92	14.78
Fossil Fuel Emission		5.60	8.86	14.52
Vehicle use produces methane and nitrous oxide carbon dioxide emissions		0.09	0.07	0.26
Scope 2 Emission		2,074.15	2,394.30	3,513.62
Electricity		2,074.15	2,394.30	3,513.62
Scope 1+2 Emission		2,079.84	2,403.22	3,528.40

Note:

(1) The sum may not equal to the total amount due to rounding.

Energy Consumption

We are committed to actively conserving energy and supporting the initiative of green production and low-carbon office. By 2026, we aim to establish quantifiable targets, progressively reduce energy consumption, and increase the use of renewable energy to facilitate our transition to a low-carbon business model. We are also expanding the use of electric vehicles for daily office activities, embracing a low-carbon and energy-efficient lifestyle.

During the Track Record Period, the majority of our electricity consumption was primarily attributed to our Xiamen facility, where we consumed 3,725,117 kWh, 4,300,099 kWh and 7,364,135 kWh in 2022, 2023 and 2024, respectively.

Hazardous Waste Emissions

We are committed to standardizing solid waste management, ensuring safe disposal, and promoting comprehensive reuse to support cleaner production and sustainable development. We maintain strict control over unorganized emissions, discharge pollutants in full compliance with regulatory permits, and continuously enhance the daily operation and maintenance of online monitoring systems to meet emission standards and reduce hazardous waste output.

Our hazardous waste mainly includes waste circuit boards, chemical wastes, waste activated carbon, waste organic solvents and wastes containing organic solvents, organic resin waste circuit boards, cutting powders and oil/water, hydrocarbon/water mixtures or emulsion-waste cutting fluids generated in the production process. During the Track Record Period, the majority of our hazardous waste was primarily attributed to our Xiamen facility, which generated 5.8 tons, 6.8 tons and 25.4 tons of hazardous waste in 2022, 2023 and 2024, respectively.

Water Consumption

Our water consumption is predominantly sourced from tap water, and we are actively implementing measures to promote water recycling within our production processes.

During the Track Record Period, the majority of our water consumption was primarily attributed to our Xiamen facility, where we consumed 10,032 tons, 10,703 tons and 19,941 tons in 2022, 2023 and 2024, respectively.

Employee Benefits and Welfare

We are committed to creating an inclusive and collaborative company culture, guided by principles of integrity, innovation, and dedication. Upholding strict policies on equal employment opportunities, we unequivocally prohibit discrimination based on factors such as race, color, religion, gender, or sexual orientation, among others. We prohibit any use of child labor in any of our operations.

We offer competitive salaries alongside a comprehensive benefits package. We provide insurance schemes supplemented by additional commercial insurance coverage, and various allowances, including meal and transportation allowances. We also provide annual medical checkups and other welfare benefits, demonstrating our holistic approach to employee well-being.

In alignment with our dedication to professional growth, we actively support employees' development through external training programs and the provision of relevant training resources tailored to specific job roles. By fostering a culture of continuous learning and development, we aim to enhance the skills and knowledge of our employees, thereby facilitating their professional advancement within the organization.

Furthermore, we place a strong emphasis on embracing diversity and fostering equal and respectful treatment of all employees throughout their employment journey, encompassing hiring, training, wellness initiatives, and both personal and professional development. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all our employees.

Workplace Safety

We place paramount importance on fostering a workplace environment that prioritizes the health and safety of our employees. To this end, we maintain a comprehensive array of rules, standard operating procedures, and measures designed to uphold these principles. These measures encompass various facets, including the implementation of stringent safety guidelines that meticulously outline potential hazards and appropriate mitigation strategies, as well as workplace hygiene standards.

We require all new employees to undergo rigorous safety training sessions to ensure a thorough understanding of safety protocols and procedures specific to our operations. We have established a three-tiered safety education and training system, ensuring that every new employee receives comprehensive safety education at the company level (Level 1), department level (Level 2), and team level (Level 3). New employees must undergo trainings under these three levels to ensure they fully understand the safety protocols and procedures unique to our operations. We also schedule an EHS training on an annual basis, organizing courses on safety, fire protection, occupational health, and environmental protection. Additionally, each department is responsible for conducting regular training sessions based on the specialized programs to reinforce safety awareness, operational procedures, and compliance, thereby enhancing employees' safety consciousness and improving their safe operation skills.

Furthermore, to maintain compliance with relevant laws and regulations, our proactive human resources department collaborates closely with legal advisors to monitor developments and adjust policies as necessary, thereby ensuring our ongoing adherence to statutory requirements and best practices in workplace safety. We have obtained ISO50001, ISO9001, ISO14001, ISO26262, QC080000, ANSI. ESDS. 20.20 and IATF16949 certifications.

According to the compliance certificate issued by the relevant competent governmental authorities as confirmed by our PRC Legal Advisor, during the Track Record Period, we have not received any administrative penalties related to production safety.

Corporate Governance

We maintain a zero-tolerance policy towards the acceptance of any form of bribes by employees. To further standardize the integrity in our business operation and promote self-discipline among all our employees, we have implemented a set of anti-corruption policies and procedures which are approved and overseen by the management.

We have implemented thorough strategies to safeguard our intellectual property. We enter into employment contracts with our employees, which contain provisions with respect to confidentiality, non-competition, and ownership of intellectual property. These contracts stipulate that any intellectual property created by individuals during their tenure with us, including internally developed content, is recognized as our exclusive property.

EMPLOYEES

As of December 31, 2022, 2023 and 2024, we had a total of 1,753, 1,682, and 2,145 full-time employees, respectively, and 21, 13, and 10 part-time employees, respectively, substantially all of whom are located in mainland China.

The following table sets forth a breakdown of our employees categorized by work function as of December 31, 2024.

Function	Number of Employees	% of Total
Manufacturing	984	45.6%
R&D	639	29.7%
Operations	267	12.4%
Sales and business development	46	2.1%
Management and administration	219	10.2%
Total	**2,155**	**100.0%**

We are deeply committed to fostering the growth and well-being of our employees. To remain competitive and expand our talent pool, we offer attractive compensation packages and a dynamic working environment. We have implemented a clear promotion system, with distinct salary tiers corresponding to each level, and a promotion plan to recognize and reward our team members' contributions. To support our new employees, we offer a comprehensive, multi-phase talent development program. We also offer employees ongoing internal sharing sessions and external training focused on enhancing their skills. We care about our employees and have established a dedicated welfare fund that extends to their families. Should any employee face family difficulties, they can apply for financial assistance from this fund.

We enter into standard labor contracts with all employees and require confidentiality and non-compete agreements from our research and development staff as well as middle to senior management. We believe that we have a good working relationship with our employees. Our employees are represented by a labor union. During the Track Record Period, we had not witnessed any major labor disputes with our existing or departing employees, which demonstrates our efforts on maintaining good relationships with our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations, primarily because (i) some employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary, and (ii) for some employees there was a timing gap between their onboarding date and the completion of requisite administrative procedures before we could make the contributions.

Further, we engaged one third-party human resource agency to pay social insurance and housing provident funds for certain of our employees in certain locations where they work, which was primarily attributable to the preference of these employees to participate in local social insurance and housing provident fund schemes in their place of residency. Pursuant to the agreements entered into between the third-party agent and us, the third-party agent has an obligation to pay social insurance and housing provident funds for our relevant employees. Pursuant to the written confirmation issued by the third-party agent, it had not failed to pay or delayed in paying any social insurance or housing provident funds for such employees during the Track Record Period. According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》) and the Administration of Housing Provident Funds (《住房公積金管理條例》), employers shall apply for registrations on behalf of the employees and pay on time and in full social insurance contributions and housing provident fund, but the aforementioned regulations do not explicitly stipulate the legal consequences and potential liability of using such agency agreements. See "Risk Factors — Risks Relating to Our Business and Industry — We have not made adequate contributions to the social insurance and housing provident fund, which could subject us to penalties."

According to relevant PRC laws and regulations, (i) in respect of outstanding social insurance contributions, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a maximum fine or penalty equivalent to three times the amount of the outstanding contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period; if the payment is not made within such period, the relevant authority relating to housing provident fund contributions may apply to court for compulsory execution. We might be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities if the third-party human resource agency failed to pay the social insurance or housing provident funds for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements are challenged by competent PRC authorities.

As of the Latest Practicable Date, we have obtained the compliance certificates from local social insurance and housing provident fund authorities, which are competent authorities as confirmed by our PRC Legal Advisor, stating that the relevant subsidiary is not subject to any significant administrative penalty due to non-compliances with the relevant laws and regulations concerning social insurance and labor rights, and housing provident funds during the Track Record Period. In addition, as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident fund. Besides, we have made full provisions in respect of the outstanding amount of the social insurance fund and housing provident fund contributions. As of December 31, 2024, the carrying amount of our aggregate shortfall in respect of the social insurance fund and housing provident fund contributions amounted to approximately RMB3.9 million. We undertake to make contributions for our employees in a manner as required as soon as practicable once we receive the notification from the relevant government authorities, if any, to require us to make contribution for the outstanding amounts or to amend our policies or practice in this regard, so that we will not receive administrative punishment from the relevant government authorities due to the failure to make the contributions in time. Also, we undertake to fully rectify and make full contributions of social insurance and housing provident funds as soon as practicable under local practices, and disclose the status in our annual report(s) in due course. Based on the foregoing, our PRC Legal Advisor is of the view that, if the competent social insurance and housing provident fund authorities order us or any of our subsidiaries to rectify their non-compliance with the laws and regulations relating to social insurance and housing provident fund within a prescribed time limit and pay the late payment fee (if any), and if such entities complete the rectification and pay the late payment fee (if any) within the prescribed time limit as required by the competent social insurance and housing provident fund authorities, the risk of us being fined by such authorities is relatively low.

INSURANCE

We have purchased insurance to cover certain potential risks and liabilities. For example, we have maintained all-risk property insurance for our machines, equipment, furniture, inventory, buildings and other assets in our Xiamen production facility, which covers risks arising from natural disasters such as earthquake, typhoon and heavy rain, as well as accidents such as fire, robbery, and theft. We also provide social insurance including pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, and medical insurance for our employees based in China pursuant to PRC laws and regulations. We do not maintain any key-man life insurance and business interruption insurance, which are not mandatory under PRC laws.

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. According to CIC, our insurance coverage is in line with the market practice. However, our insurance policies are subject to standard deductibles, exclusions and limitations. See "Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our business risks."

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned land use rights to five parcels of land in the PRC, with a total gross site area of 169,155.02 square meters, mainly used as our production facility. Two parcels of the land are in Xiamen, Fujian Province, and another three are located in Liuzhou, Guangxi Province, Rui'an, Zhejiang Province and Shaoxing, Zhejiang Province, respectively. These five parcels of land owned by us are recognized as the right-of-use assets in our consolidated statements of financial position.

Leased Properties

As of the Latest Practicable Date, we leased seven properties in the PRC with an aggregate gross floor area of 52,802.98 square meters. Our leased properties are primarily used as office space. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

Pursuant to the applicable PRC laws and regulations, both lessors and lessees must register lease agreements with the relevant authorities and obtain property leasing filing certificates. As of the Latest Practicable Date, the lessors of six properties had provided their title certificates of the relevant properties, while the lessor of the remaining one property had not provided any title certificates. Three of our lease agreements had not been registered with the relevant local authorities. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC governmental authorities require us to rectify it but we fail to do so within the prescribed time period. See "Risk Factors — Risks Relating to Our Business and Industry — We face certain risks relating to our lease properties, including any legal defects and unforeseen lease terminations of such properties." We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB110,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse effect on our results of operations or financial condition. As of the Latest Practicable Date, we have not received any administrative penalties in this regard.

As of December 31, 2024, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (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.

LICENSES AND PERMITS

We are required by relevant laws and regulations to obtain and maintain various licenses and permits in order to conduct our business. The following table sets out the main standards, certifications or requirements that we complied with as of the Latest Practicable Date:

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
License for Network Connection of Telecommunications Equipment (電信設備進網許可證)	Our Company	September 15, 2022	September 15, 2025
License for Network Connection of Telecommunications Equipment (電信設備進網許可證)	Our Company	December 2, 2022	December 2, 2025
License for Network Connection of Telecommunications Equipment (電信設備進網許可證)	Our Company	March 29, 2024	March 29, 2027
License for Network Connection of Telecommunications Equipment (電信設備進網許可證)	Our Company	August 1, 2024	August 1, 2027

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證)	Our Company	March 15, 2024	March 15, 2029
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證)	Our Company	September 8, 2023	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證)	Our Company	July 21, 2022	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證)	Our Company	December 2, 2022	December 31, 2025
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核准證)	Our Company	November 25, 2024	November 25, 2029
Type-Approval Certificate of Radio Transmitting Equipment (無線電發射設備型號核 准證)	Our Company	July 29, 2024	July 29, 2029
Value-Added Telecommunications Business License (增值電信業務經營許可證)	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	August 26, 2022	September 25, 2027
Value-Added Telecommunications Business License (增值電信業務經營許可證)	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	September 6, 2023	June 19, 2028
Value-Added Telecommunications Business License (增值電信業務經營許可證)	Shanghai Qianzi Information Technology Co., Ltd.	September 18, 2020	September 18, 2025
High and New Technology Enterprises Certificate (高新技術企業)	Our Company	November 15, 2023	November 15, 2026
High and New Technology Enterprise Certificate (高新技術企業)	PATEO CONNECT (Nanjing) Co., Ltd.	December 13, 2023	December 12, 2026
High and New Technology Enterprises Certificate (高新技術企業)	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	December 12, 2023	December 11, 2026

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Information System Security Level Protection Filing Certificate (信息系統安全等級保護備案證明).	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	September 9, 2020	Long-term
Information System Security Level Protection Filing Certificate (信息系統安全等級保護備案證明).	Shanghai Pateo Yuezhen Networking Technology Service Co., Ltd.	February 9, 2021	Long-term
Pollutant Discharge Permit (排污許可證)	Liuzhou PATEO CONNECT Co., Ltd.	April 22, 2024	April 21, 2029
Registration for Pollutant Discharge from Fixed Pollution Sources (固定污染源排污登記)	Pateo Connect Technology (Xiamen) Co., Ltd.	May 13, 2021	May 12, 2026
Customs Record Receipt of Consignees and Consignors of Imported and Exported Goods (海關進出口貨物收發貨人備案)	Our Company	December 16, 2016	Long-term
Foreign Trade Dealers Filing Receipt (對外貿易經營者備案登記表).	Our Company	December 16, 2021	Long-term

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits necessary to conduct our operations in the PRC from the relevant government authorities, and such business licenses had remained in full effect.

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 — Risks Relating to Our Business and Industry — We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations, and financial condition."

In December 2024, a supplier filed a complaint against us in Jiading District People's Court in Shanghai, alleging that we breached a purchase framework agreement entered into in June 2023 for failing to collect the ordered goods and settle the outstanding payments. Such supplier claimed damages totaling RMB7.3 million, including both unpaid amounts for goods already collected and the value of the uncollected goods, and related litigation fees. This case is currently pending, and the first-instance hearing has not yet commenced. We are actively negotiating a settlement with such supplier. Given the legal proceeding is at a preliminary stage and the amount in dispute is not material, we do not anticipate such proceeding will have any material and adverse impact our business and financial conditions.

Except for disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not been a party to, and were not aware of any threat of, any legal, arbitral or administrative proceeding which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. We believe that, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks during our operations. As risk management is essential to our growth and success, we have established a comprehensive risk management system and relevant policies and procedures which we consider suitable for our business operations. Our policies and procedures are aimed at managing and monitoring our business performance.

Financial Reporting Risk Management

We have put in place a set of accounting policies in connection with our financial reporting risk management, such as accounting manual and treasury management policies. We have designed and maintained consistent procedures for implementation of accounting policies and our finance department reviews our management accounts based on such procedures.

Legal and Compliance Risk Management

We have implemented a comprehensive framework for compliance risk management, which encompasses our Board, senior management, legal department and internal control & compliance department, as well as various other operational departments.

To ensure ongoing compliance with laws, regulations, and industry standards, we have further improved our internal control system by adopting the following measures:

- *Monitoring regulatory changes*. We continually monitor changes in regulations and industry standards, assessing their potential impact on our business operations.

- *Policy and procedure maintenance*. We maintain well-defined policies and procedures, providing regular and specific training to employees to ensure understanding and adherence to compliance matters.

- *Internal risk assessment*. Before launching new products or services or making significant changes to existing ones, we conduct internal risk assessments to identify and mitigate potential compliance risks.

- *Oversight and assistance*. Our legal department and internal control & compliance department oversee each department's compliance duties, identifying potential compliance risks and addressing them to ensure compliance with applicable laws and regulations.

We are committed to continually improving our internal policies according to changes in laws, regulations, and industry standards to better manage any regulatory compliance risks.

Intellectual Property Risk Management

We have developed and implemented stringent internal procedures aimed at upholding compliance with relevant regulations and safeguarding our valuable intellectual property rights. Our legal department and internal control & compliance department meticulously examine contract terms and scrutinize all pertinent documents, including licenses, permits, and due diligence materials related to intellectual property rights during our operation of business. During the Track Record Period and as of the Latest Practicable Date, our rigorous adherence to these procedures has ensured that there have been no instances of material or systemic noncompliance.

Furthermore, we have established detailed internal protocols to ensure that every aspect of our solutions and services undergoes comprehensive regulatory compliance reviews by our legal department. Our legal department and internal control & compliance department are also responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Ying, our founder, chairman of our Board, executive Director and general manager, was entitled to exercise approximately 34.14% of the voting rights in our Company through: (i) 32,295,581 Shares (representing approximately 23.14%% of the voting rights in our Company) directly held by him, and (ii) 15,350,000 Shares (representing approximately 11.00% of the voting rights in our Company) held by our Employee Incentive Platforms, which were controlled by Mr. Ying as their respective general partner.

Immediately upon completion of the [**REDACTED**], Mr. Ying will, by himself and through our Employee Incentive Platforms, be entitled to exercise approximately [**REDACTED**]% of the voting rights of our Company (assuming that the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights of our Company (assuming that the [**REDACTED**] is exercised in full). Accordingly, Mr. Ying and our Employee Incentive Platforms constitute a group of Controlling Shareholders upon completion of the [**REDACTED**].

For details of the relationship among the group of Controlling Shareholders, and their shareholding in our Company, see "History, Development and Corporate Structure" and "Substantial Shareholders."

COMPETITION

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Upon [**REDACTED**], our Board will consist of 14 Directors, including five executive Directors, three non-executive Directors and six independent non-executive Directors.

Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of Mr. Ying in our Board, our Directors are of the view that our Company is able to function independently from Mr. Ying for the following reasons:

(a) all of the independent non-executive Directors are independent of Mr. Ying, and decisions of our Board require the approval of a majority vote from members of our Board;

(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) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(d) we will have six independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management.

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

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Controlling Shareholders or their close associates for business development, staffing, administration, sales and marketing activities. We have independent access to suppliers and customers, and an independent management team to handle our day-to-day operations. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Financial Independence

Our finance department is independent from our Controlling Shareholders and their close associates. Its responsibilities include, among other things, financial control, accounting, financial reporting and internal control. As of the Latest Practicable Date, none of our finance staff was employed by our Controlling Shareholders or their close associates. Our Group is capable of making financial decisions independently. We have established an independent audit system and a financial and accounting system. In addition, we manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholders or their close associates.

During the Track Record Period, certain of our Group's bank loans were guaranteed by Mr. Ying, one of our Controlling Shareholders (the "**Guaranteed Loans**"). As of December 31, 2024, all of Mr. Ying's personal guarantees on the Guaranteed Loans have been released as confirmed by the relevant financial institutions. For further details on our bank borrowings, see Note 29 of the Accountants' Report set out in Appendix I to this document.

Save as disclosed above, we confirm that there is no other financial assistance provided by our Controlling Shareholders to our Group and vice versa. 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 close associates. Additionally, we have received a series of Pre-[**REDACTED**] Investments as of the Latest Practicable Date. For details of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments". We expect that, upon completion of the [**REDACTED**], our operations will be financed primarily by the [**REDACTED**] from the [**REDACTED**], internally generated funds and borrowings or financing from financial institutions.

Based on the above, our Directors are of the view that we are able to carry on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their 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 Group and the Controlling Shareholders:

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

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(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 Guotai Junan Capital Limited as our Compliance Adviser 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 Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

OVERVIEW

Upon [**REDACTED**], the Board will consist of 14 Directors, including five executive Directors, three non-executive Directors and six independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The Supervisory Committee currently consists of five Supervisors. The Supervisory Committee is responsible for supervising the performance of duty of the Board and the senior management of the Company and overseeing the financial, internal control and risk conditions of the Company.

The senior management currently consists of five members who are responsible for our day-to-day management and operation.

DIRECTORS

The following table sets forth the key information about the Directors.

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Mr. Ying	51	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	Responsible for overall strategic planning of the Group and major business and operational decisions, including the management of our business operation, business development and public relations	October 20, 2009	October 20, 2009
Zhang Fukai (張富凱)	51	Executive Director, chief financial officer of the Company and secretary to the Board	Responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters	May 1, 2016	September 19, 2011

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Xu Zhenhui (徐真慧)	41	Executive Director and deputy general manager of the Company	Responsible for providing guidance and support on corporate and business strategies and coordinating internal resources	May 15, 2018	January 9, 2017
Lai Weilin (賴偉林)	43	Executive Director and deputy general manager of the Company	Responsible for providing guidance and advice on corporate and business strategies and the management of our business operation	July 30, 2021	October 25, 2011
Gao Yinghui (高穎輝)	47	Executive Director	Responsible for providing guidance and advice on business operation and industrial cooperation	June 18, 2017	April 15, 2013
Wang Bihui (王碧輝)	38	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	August 16, 2024	August 16, 2024
Wang Yue (王越)	36	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	June 7, 2022	June 7, 2022
Ma Xiaoyong (馬曉詠)	51	Non-executive Director	Responsible for providing guidance and advice on corporate and business strategies	September 21, 2022	September 21, 2022
Li Yuanpeng (李遠鵬)	47	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Wang Yanfeng (王延峰)	47	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Pang Chunlin (龐春霖)	54	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021

Name	Age	Position	Responsibilities	Date of the appointment as a Director	Date of joining the Group
Zhang Xiaoliang (張曉亮)	45	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	October 27, 2021	October 27, 2021
Liu Gongshen (劉功申)	51	Independent non-executive Director	Responsible for supervising and providing independent judgement to the Board	June 7, 2022	June 7, 2022
Xu Lili (徐黎黎)	43	Independent non-executive Director	Responsible for supervising the Group's financial position and providing independent judgement to the Board	June 24, 2024[(1)]	[**REDACTED**]

(1) The appointment will become effective upon the [**REDACTED**].

(2) Each of the Directors had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

Executive Directors

Mr. Ying, aged 51, the founder of the Group, was appointed as a Director, the chairman of the Board and the general manager of our Company in October 2009 and was re-designated as an executive Director in June 2024. He is responsible for the overall strategic planning of the Group and major business and operational decisions, including the management of our business operation, business development and public relations.

Mr. Ying has around 15 years of automotive intelligence industry experience. Prior to founding the Group in 2009, Mr. Ying had embarked on his entrepreneurial journey in 2001, running his companies in multimedia and marketing and thereby accumulating extensive experience in entrepreneurship and business management. Mr. Ying was recognized as the deputy director of the Expert Committee by the National Quality Supervision and Inspection Center for Intelligent Connected Vehicles (Tianjin) (國家智能網聯汽車質量監督檢驗中心(天津)專家委員會) in September 2018, as a member of the Expert Advisory Committee of the Shanghai National New-Generation Artificial Intelligence Innovation and Development Pilot Zone (上海國家新一代人工智能創新發展試驗區專家諮詢委員會) in the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會) in August 2019, as a member of the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會) in March 2020, and as the vice president of the Fourth Council of Shanghai Entrepreneur Association (上海市企業家協會第四屆理事會) in March 2021.

Throughout his career, Mr. Ying has been awarded several times for his contributions to the industry, including but not limited to:

(i) the Leader of the Fifth Session of Industry and Commerce of Shanghai (第五屆上海市工商業領軍人物), awarded by Shanghai Federation of Industrial Economics (上海市工業經濟聯合會), Shanghai Commercial Association (上海市商業聯合會) and Shanghai Enterprise Association (上海市企業聯合會) in January 2021;

(ii) the 2021-2022 Shanghai Outstanding Entrepreneur (2021-2022年度上海市優秀企業家), awarded by Shanghai Enterprise Association (上海市企業聯合會) and Shanghai Entrepreneur Association (上海市企業家協會) in December 2023; and

(iii) the Shanghai May 1st Labor Medal (上海市五一勞動獎章), awarded by the Shanghai Federation of Trade Unions (上海市總工會) in May 2024.

Mr. Ying was a supervisor and owned 40% equity interest of Nanjing Huatong Culture and Art Advertising Co., Ltd. (南京華通文化藝術廣告有限責任公司) whose business license was revoked on November 29, 2007 due to failure to conduct annual inspection on a timely basis under PRC laws. According to the PRC laws, the PRC company's supervisor will not be liable for the revocation of its business license. Mr. Ying confirmed that (i) he did not incur any debt and/or liabilities because of such revocation of business license; (ii) Nanjing Huatong Culture and Art Advertising Co., Ltd. was not involved in any non-compliance or litigation prior to the revocation of business license; and (iii) the revocation of business license did not have any negative effect on our Group.

Mr. Zhang Fukai (張富凱), aged 51, was appointed as a Director in May 2016 and re-designated as an executive Director in June 2024. After his joining the Group, he initially served as the chief financial officer of the Company from September 2011 to October 2021, and resumed this role in June 2024. Since October 2021, Mr. Zhang has also been serving as the secretary to the Board. He is responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters.

Prior to joining the Group, Mr. Zhang held positions in several corporations covering various business areas, including serving as the finance manager of the finance management center of Beijing Funtalk Century Technology Group Co., Ltd. (北京樂語世紀科技集團有限公司) from September 2009 to September 2011.

Mr. Zhang obtained a diploma in accounting by attending online education from Renmin University of China (中國人民大學) in the PRC in July 2010. He was awarded the qualification of accountant (會計師) by the Ministry of Finance of the People's Republic of China in May 1998.

Ms. Xu Zhenhui (徐真慧), aged 41, was appointed as a Director in May 2018 and was re-designated as an executive Director in June 2024. She has successively served as the executive director of the new business department of the Company from January 2017 to March 2019 and the vice president of the Company from March 2019 to December 2022. She has been serving as the deputy general manager of the Company since October 27, 2021 and the assistant to the president of the Company since January 2023. She is responsible for providing guidance and support on corporate and business strategies and coordinating internal resources.

Prior to joining the Group, Ms. Xu worked at private companies in advertisement industry, including serving as a senior customer director at Shanghai Kaida Advertising Co., Ltd. (上海愷達廣告有限公司) from September 2007 to December 2016.

Ms. Xu obtained a bachelor's degree in applied psychology from Shanghai Normal University (上海師範大學) in the PRC in July 2005.

Mr. Lai Weilin (賴偉林), aged 43, was appointed as a Director in July 2021 and was re-designated as an executive Director in June 2024. He has successively served several positions in the Company, including the director of the business department of the Company from November 2011 to March 2019, the vice president of the business department of the Company from March 2019 to August 2022, and the chief marketing officer of the business center of the Company from August 2022 to May 2024. He has been serving as the deputy general manager of the Company since October 2021 and the general manager of the international business department of the Company since June 2024. He is responsible for providing guidance and advice on corporate and business strategies and the management of our business operation.

Prior to joining the Group, Mr. Lai once worked in the semiconductor R&D department of Freescale Semiconductor (China) Co., Ltd. Shanghai Branch (飛思卡爾半導體(中國)有限公司上海分公司) (currently known as NXP Semiconductors (Tianjin) Limited (恩智浦半導體(天津)有限公司)) from May 2006 to October 2011.

Mr. Lai obtained a bachelor's and a master's degree in communication engineering in July 2003 and March 2006, respectively, from Xidian University (西安電子科技大學) in the PRC.

Mr. Gao Yinghui (高穎輝), aged 47, was appointed as a Director in June 2017 and was re-designated as an executive Director in June 2024. He has been serving as the senior director of service operation and industry cooperation department of Shanghai Pateo Network Technology Service Co., Ltd. (上海博泰悦臻網絡技術服務有限公司), a wholly-owned subsidiary of the Company, since April 2013. He is responsible for providing guidance and advice on business operation and industrial cooperation.

Prior to joining the Group, Mr. Gao worked in Shanghai Newtouch Software Co., Ltd. (上海新致軟件股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688590)) from February 2001 to April 2013.

Mr. Gao obtained a bachelor's degree in computer applications from Luoyang Institute of Technology (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in the PRC in June 1999.

Non-executive Directors

Mr. Wang Bihui (王碧輝), aged 38, was appointed as a non-executive Director in August 2024. He is responsible for providing guidance and advice on corporate and business strategies.

Mr. Wang once held various media-related positions at Xinchang County Media Convergence Center (新昌縣融媒體中心) (formerly known as Xinchang County Radio and Television Station (新昌縣廣播電視台)) from July 2010 to May 2021. He served as a staff member in the administration department at Xinchang County Industrial Park Investment Development Group Co., Ltd. (新昌縣工業園區投資發展集團有限公司) from July 2020 to April 2024. He has been serving as the director and deputy manager at Xinchang Gaochuang Business Service Co., Ltd. (新昌高創商務服務有限公司) since April 2024, responsible for management-related work.

Mr. Wang obtained a college's diploma in business and enterprise management from Zhejiang Changzheng Vocational and Technical College (浙江長征職業技術學院) in the PRC in July 2011.

Mr. Wang Yue (王越), aged 36, was appointed as a Director in June 2022 and was re-designated as a non-executive Director in June 2024. He is responsible for providing guidance and advice on corporate and business strategies.

Prior to joining the Group, Mr. Wang once worked at Haitong Securities Co., Ltd. (海通證券股份有限公司) (a company listed on the Stock Exchange (stock code: 6837) and Shanghai Stock Exchange (stock code: 600837)) from July 2013 to July 2016, where he was responsible for matters related to securities management. He has been the managing director of Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司) since January 2018.

Mr. Wang obtained a bachelor's degree in material physics from Nanjing University (南京大學) in the PRC in June 2011. He then obtained his master's degree in arts from Johns Hopkins University in the U.S. in June 2013.

Mr. Ma Xiaoyong (馬曉詠), aged 51, was appointed as a Director in September 2022 and was re-designated as a non-executive Director in June 2024. He is responsible for providing guidance and advice on corporate and business strategies.

Mr. Ma has over 20 years of work experience. Prior to joining the Group, he worked in Jiangsu Agricultural Machinery Research Institute Co., Ltd. (江蘇省農業機械研究所有限公司) from August 1996 to August 2004. He once worked at Suning.com Co., Ltd. (蘇寧易購集團股份有限公司) (a company listed on Shenzhen Stock Exchange (stock code: 002024)) from August 2010 to January 2011. He then served as the vice president of Suning Real Estate Group Co., Ltd. (蘇寧置業集團有限公司) from January 2011 to October 2014. He then worked in China Minsheng Jiaye Investment Co., Ltd. (中民嘉業投資有限公司) from April 2015 to December 2019. He currently serves as the assistant president of Suning Holdings Group Co., Ltd. (蘇寧控股集團有限公司).

Mr. Ma obtained a bachelor's degree in engineering from Nanjing University of Science and Technology (南京理工大學) in the PRC in July 1996.

Independent Non-executive Directors

Dr. Li Yuanpeng (李遠鵬), aged 47, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgement to the Board.

Prior to joining the Group, Dr. Li once worked in the management department of Fudan University from 2006 to 2012 and has been serving as an associate professor in the accounting department of Fudan University since January 2012. Dr. Li previously served or currently serves as a director in the following companies:

Company name	Position	Date of appointment and resignation
Shanghai Lily&Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605136))	Independent Director	May 2016 to March 2022
Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300349))	Independent director	December 2018 to present
Changzhou Zhongheng New Material Co., Ltd. (常州鐘恒新材料股份有限公司)	Independent director	July 2020 to July 2023
Hangzhou SDIC Microelectronics Inc. (杭州晶華微電子股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688130))	Independent director	December 2020 to December 2023
Henan Goroe Electronic Technology Co., Ltd. (河南國容電子科技股份有限公司)	Independent director	November 2021 to present

Dr. Li obtained a bachelor's degree in financial management from Jilin University (吉林大學) in the PRC in July 1999, a master's degree in accounting from Tianjin Business School (天津商學院, currently known as Tianjin University of Commerce (天津商業大學)) in the PRC in June 2002. He obtained a doctorate in accounting from Fudan University (復旦大學) in the PRC in June 2006.

Dr. Wang Yanfeng (王延峰), aged 47, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgement to the Board.

Prior to joining the Group, Dr. Wang has been holding positions at School of Electronic Information and Electrical Engineering of Shanghai Jiao Tong University (上海交通大學電子信息與電氣工程學院), including a deputy dean since 2015 and a senior professional and technical fellow since 2017. Since 2018, Dr. Wang has been serving as a deputy dean at

Artificial Intelligence Research Institute of Shanghai Jiao Tong University (上海交通大學人工智能研究院). Since November 2019, Dr. Wang has been serving as an independent director at Cloudwalk Technology Co., Ltd. (雲從科技集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688327)).

Dr. Wang obtained a master's degree in 2005 and a doctorate in business administration in June 2009 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Mr. Pang Chunlin (龐春霖), aged 54, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgment to the Board.

Prior to joining the Group, Mr. Pang had several working experience in electronic technology industry, including serving as a director at Shenzhen Qingyi Photomask Limited (深圳清溢光電股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688138)) from January 2015 to March 2023. From December 2016 to June 2024, he served as a general secretary of the Zhongguancun Telematics Industry Application Alliance (中關村車載信息服務產業應用聯盟). Since January 2021, he has been serving as an independent director at Zkteco Co., Ltd. (熵基科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 301330)).

Mr. Pang obtained a master's degree in business administration from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2008. He has been pursuing his doctoral studies at the University of Electronic Science and Technology of China (電子科技大學) in the PRC since 2018.

Mr. Zhang Xiaoliang (張曉亮), aged 45, was elected as an independent non-executive Director in October 2021. He is responsible for supervising and providing independent judgment to the Board.

Prior to joining the Group, Mr. Zhang held various positions throughout his career, including information management specialist at Beijing Hualian Yafei Automobile Chain Sales Co., Ltd. (北京華聯亞飛汽車連鎖銷售有限公司) from August 2002 to November 2002, project manager of automobile market research institute at HC International Inc. (北京慧聰國際資訊有限公司) from November 2002 to July 2006, partner of consulting department at Beijing Qingju Culture Media Co., Ltd. (北京青橘文化傳媒有限公司) (formerly known as Beijing Maiwei Consulting Co., Ltd. (北京麥威信息諮詢有限公司)) from July 2006 to December 2013, and partner and deputy general manager of consulting department at Beijing Mairuisi Management Consulting Co., Ltd. (北京麥銳思管理諮詢有限公司) (currently known as Beijing Anjin Supply Chain Management Co., Ltd. (北京安錦供應鏈管理有限公司)) from January 2014 to December 2016. He has been serving as the executive officer of Shanghai Mingzhihe Technology Co., Ltd. (上海名之赫科技有限公司) and SoCar Consulting Beijing Co., Ltd. (北京哲石科技諮詢有限公司) since January 2017.

Mr. Zhang obtained a bachelor's degree in economic information management from Beijing Technology and Business University (北京工商大學) in the PRC in July 2002.

Dr. Liu Gongshen (劉功申), aged 51, was elected as an independent non-executive Director in June 2022. He is responsible for supervising and providing independent judgment to the Board.

Dr. Liu has been engaged in teaching and research at the School of Cyber Science and Engineering of Shanghai Jiao Tong University (上海交通大學網絡空間安全學院) since 2004 and currently serves as a professor.

Dr. Liu obtained a bachelor's degree in computer software and a master's degree in computer applications in July 1997 and January 2000, respectively, both from Shandong University (山東大學) in the PRC. He then obtained a doctorate in computer applications from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2003.

Ms. Xu Lili (徐黎黎), aged 43, was elected as an independent non-executive Director in June 2024. She is responsible for supervising the Group's financial position and providing independent judgement to the Board.

Ms. Xu has extensive experience in financial leadership. She has been serving as the chief financial officer of ClouDr Group Limited (智雲健康科技集團) (a company listed on the Stock Exchange (stock code: 9955)) since October 2020 and is primarily responsible for overseeing corporate financial position. From March 2014 to September 2020, Ms. Xu held positions at Tongdao Liepin Group (同道獵聘集團) (a company listed on the Stock Exchange (stock code: 6100)), including as the chief financial officer and executive director. From January 2005 to March 2014, Ms. Xu held various positions at General Electric Company (a company listed on the New York Stock Exchange (stock code: GE)), including as the chief financial officer of GE Power Generation Services China.

Ms. Xu currently serves as the independent director of WEILONG Delicious Global Holdings Ltd. (衛龍美味全球控股有限公司) (a company listed on the Stock Exchange (stock code: 9985)), MINISO Group Holding Limited (名創優品集團控股有限公司) (a company listed on the Stock Exchange (stock code: 9896) and the New York Stock Exchange (stock code: MNSO)) and Yalla Group Limited (a company listed on the New York Stock Exchange (stock code: YALA)).

Ms. Xu obtained a bachelor's degree in international business from Nanjing University (南京大學) in the PRC in June 2003 and a master's degree in science from the London School of Economics and Political Science in the UK in November 2004. Ms. Xu also obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in June 2023. Ms. Xu is a public accountant certified by the Board of Accountancy of Washington State of the United States since June 2012.

SUPERVISORS

The following table sets forth the key information about the Supervisors.

Name	Age	Position	Responsibilities	Date of appointment as a Supervisor	Date of joining the Group
Liang Chen (梁晨)	41	Chairman of the Supervisory Committee	Responsible for overseeing our operations and financial activities	October 27, 2021	April 9, 2012
Xu Tingting (徐婷婷)	42	Employee Representative Supervisor	Responsible for overseeing our operations and financial activities	October 27, 2021	July 26, 2012
Wu Yunyun (吳蕓蕓)	34	Employee Representative Supervisor	Responsible for overseeing our operations and financial activities	October 27, 2021	June 26, 2012
Shi Wan (施萬)	38	Supervisor	Responsible for overseeing our operations and financial activities	September 21, 2022	September 21, 2022
Li Zijie (李自潔)	46	Supervisor	Responsible for overseeing our operations and financial activities	June 24, 2024	June 24, 2024

(1) Each of the Supervisors had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. The Supervisory Committee currently consists of five members.

Mr. Liang Chen (梁晨), aged 41, has been serving as a Supervisor and the chairman of the Supervisory Committee since October 2021. He successively served various roles at the Company, including project management manager of the project department of the Company from April 2012 to July 2014, the director of the project department of the Company from July 2014 to March 2016, and the chief technology officer of the vehicle connectivity R&D business department of the Company from March 2016 to August 2023. He has been serving as the vice president of the Company since August 2023, overseeing the procurement center of the Company. He is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Mr. Liang had certain working experience in electronic technology industry, including once worked at Delphi (China) Technology R&D Center Co. (德爾福(中國)科技研發中心有限公司, currently known as Delphi (China) Technical Center Co., Ltd. (安波福(中國)科技研發有限公司)) from August 2009 to November 2010, and TIANHE (ASIA PACIFIC) CO., LIMITED (天合亞太有限公司) from December 2010 to March 2012.

Mr. Liang obtained a bachelor's degree in telecommunication engineering from Donghua University (東華大學) in the PRC in July 2006.

Ms. Xu Tingting (徐婷婷), aged 42, has been serving as an employee representative Supervisor since October 2021. She also successively served as the project manager in the UED department at Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co. (上海博泰悅臻電子設備製造有限公司), predecessor of the Company, from February 2012 to January 2016, the senior product manager of product planning department of the Company from February 2016 to January 2023, and the senior project manager of listing preparation department of the Company from February 2023 to April 2023, and has been serving as the senior project manager of R&D business division of the Company since May 2023. She is responsible for overseeing our operations and financial activities.

Ms. Xu obtained a bachelor's degree in art design from China Academy of Art (中國美術學院) in the PRC in July 2004.

Ms. Wu Yunyun (吳蕓蕓), aged 34, has been serving as an employee representative Supervisor since October 2021. She is responsible for overseeing our operations and financial activities.

Ms. Wu served as a cashier in the finance department at Shanghai Botai Yuezhen Electronic Equipment Manufacturing Co. (上海博泰悅臻電子設備製造有限公司), predecessor of the Company, from June 2012 to May 2014. She then successively served as the cashier and cost accountant in the finance department from May 2014 to December 2018 and the head of accounting in capital operations department from January 2019 to March 2021 at Shanghai Qinggan Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司). Since March 2021, she has been serving as an accounting supervisor in the capital operations department of the Company.

Ms. Wu obtained a bachelor's degree in financial management from East China University of Science and Technology (華東理工大學) in the PRC in July 2012.

Mr. Shi Wan (施萬), aged 38, has been appointed as a Supervisor since September 2022. He is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Mr. Shi previously held various positions at the group companies of Dongfeng Motor Group Co., Ltd. (東風汽車集團股份有限公司) ("**Dongfeng Group**") (a company listed on the Stock Exchange (stock code: 0489)), including the budget analyst in the budget management department of Dongfeng Commercial Vehicle Co., Ltd. (東風商用車有限公司) from September 2008 to May 2011, the manager of budget management and financial analysis at foundry plant No. 1 of Dongfeng Commercial Vehicle Co., Ltd. from June 2011 to July 2013. Mr. Shi then successively served several management positions in Dongfeng Group, including the manager of fund management business in the finance control department from August 2013 to October 2019, the business manager for industrial finance in the finance control department from November 2019 to January 2021, the business manager for securities research in the finance control department from February 2021 to June 2022. Since July 2022, Mr. Shi has been serving as the deputy manager of the asset management division in the finance control department of Dongfeng Group.

Mr. Shi obtained a bachelor's degree in Finance from Wuhan University (武漢大學) in the PRC in June 2008.

Ms. Li Zijie (李自潔), aged 46, has been appointed as a Supervisor since June 2024. She is responsible for overseeing our operations and financial activities.

Prior to joining the Group, Ms. Li once served as a consultant at StatoilHydro in Norway from May 2009. From May 2017 to May 2020, she once held several positions at China Tianying Inc. Shanghai Branch (中國天楹股份有限公司上海分公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000035)) including the assistant to the general manager. Since June 2020, she has been serving as an investment director at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司).

Ms. Li obtained a bachelor's degree in computer software from University of Shanghai for Science and Technology (上海理工大學) in the PRC in July 2002. She also obtained master's degrees in software engineering and accounting from Fudan University (復旦大學) in the PRC in June 2005 and June 2007, respectively. In October 2009, she further obtained a master's degree in project management from Norwegian University of Science and Technology in Norway.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of appointment as senior management of the Company	Date of joining the Group
Mr. Ying	51	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	Responsible for the overall strategic planning of the Group and major business and operational decisions, including the management of our business operation, business development and public relations	October 20, 2009	October 20, 2009

Name	Age	Position	Responsibilities	Date of appointment as senior management of the Company	Date of joining the Group
Zhang Fukai (張富凱)	51	Executive Director, chief financial officer of the Company and secretary to the Board	Responsible for the overall financial management and the management of day-to-day work of the Board and corporate governance matters	October 27, 2021	September 19, 2011
Lai Weilin (賴偉林)	43	Executive Director and deputy general manager of the Company	Responsible for providing guidance and advice on corporate and business strategies and management of our business operation	October 27, 2021	October 25, 2011
Xu Zhenhui (徐真慧)	41	Executive Director and deputy general manager of the Company	Responsible for providing guidance and support on corporate and business strategies and coordinating internal resources	October 27, 2021	January 9, 2017
Zhang Yi (張毅)	52	Deputy general manager of the Company and vice executive president of the intelligent manufacturing department of the Company	Responsible for the management of manufacturing and business development	October 27, 2021	September 26, 2016

(1) Each of the senior management members of the Company had no relationship with other Directors, Supervisors or senior management members of the Company as of the Latest Practicable Date.

For the biographical details of Mr. Ying, Mr. Zhang Fukai, Mr. Lai Weilin and Ms. Xu Zhenhui, please refer to the paragraphs headed "— Directors" in this section.

Mr. Zhang Yi (張毅), aged 52, has been serving as deputy general manager of the Company since October 2021. He is also currently serving as managers of certain subsidiaries of the Company. He is responsible for the management of manufacturing and business development.

Prior to joining the Group, Mr. Zhang had certain working experience in electronic technology industry, including serving as the deputy general manager of Nanjing Borong Electronics Co., Ltd. (南京博融電子有限公司) from September 2007 to June 2015.

Mr. Zhang obtained a bachelor's degree in industrial foreign trade in June 1994 and a master's degree in business administration in May 2001, both from Southeast University (東南大學) in the PRC.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

(i) save as disclosed above, none of the Directors, Supervisors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) none of the Directors, Supervisors or members of the senior management of the Company was related to any other Directors, Supervisors and members of the senior management;

(iii) save as disclosed in "Statutory and General Information," none of the Directors, Supervisors or chief executive officer of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) save as disclosed above, there was no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any 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 confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 12, 2024, June 13, 2024, June 14, 2024 or June 17, 2024 (as the case may be); and (ii) understood his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his or her independence at the time of his or her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

JOINT COMPANY SECRETARIES

The Company has appointed Dr. Liu Yicheng (劉意成) and Mr. Lee Chung Shing (李忠成) as our joint company secretaries in March 2025 and June 2024, respectively, with effect from the [**REDACTED**].

Dr. Liu Yicheng (劉意成), aged 35, was appointed as one of our joint company secretaries in March 2025. Prior to joining the Group, Dr. Liu worked at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2017 to August 2024, where his last position was the senior associate of the investment banking department. He has been serving as the company secretary of the Company since September 2024. Dr. Liu obtained a bachelor's degree in economics in July 2012 and a doctorate degree in management in June 2017, both from Tsinghua University (清華大學).

Mr. Lee Chung Shing (李忠成) was appointed as one of our joint company secretaries in June 2024, with effect from the [**REDACTED**]. Mr. Lee has over 20 years of experience in auditing, financial management, company secretarial and investor relations in listed companies in Hong Kong. He is currently an assistant vice president of Governance Services of Computershare Hong Kong Investor Services Limited and the joint company secretary/company secretary of various companies, whose shares are listed on the Stock Exchange. Mr. Lee was admitted as an associate of the Hong Kong Institute of Certified Public Accountants in March 1999 and a fellow member of the Association of Chartered Certified Accountants in July 2003. He obtained a bachelor's degree in accountancy from City University of Hong Kong in December 1994 and a master's degree in business administration (financial services) from The Hong Kong Polytechnic University in November 2002.

BOARD COMMITTEES

We have established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Li Yuanpeng, Mr. Zhang Xiaoliang and Ms. Xu Lili, with Dr. Li Yuanpeng currently serving as the chairman. Ms. Xu Lili has the appropriate professional experiences 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:

(i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

(iv) dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Pang Chunlin, Mr. Zhang Xiaoliang and Ms. Xu Zhenhui, with Mr. Pang Chunlin currently serving as the chairman. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management;

(ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assist our Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(iii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;

(iv) supporting the Company's regular evaluation of the Board's performance;

(v) assessing the independence of the independent non-executive Directors; and

(vi) dealing with other matters that are authorized by the Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Wang Yanfeng, Dr. Li Yuanpeng and Mr. Ying, with Dr. Wang Yanfeng currently serving as the chairman. The primary duties of the Remuneration Committee include, but are not limited to, the following:

(i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;

(ii) monitoring the implementation of the remuneration system of the Company;

(iii) making recommendations on the remuneration packages of our Directors and senior management; and

(iv) other duties conferred by our Board.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairperson and general manager and Mr. Ying currently performs these two roles. The Board believes that vesting the roles of both the chairperson and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairperson of the Board and the general manager of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company intends to comply with all code provisions under the Corporate Governance Code after the [**REDACTED**].

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as accounting and engineering. They obtained degrees in various areas including psychology, economics, accounting and computer applications. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises two female Directors and 12 male Directors, ranging from 36 years old to 54 years old.

With regard to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the [**REDACTED**], the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' AND SUPERVISORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind paid to the Directors and Supervisors for the years ended December 31, 2022, 2023 and 2024 amounted to RMB23.5 million, RMB23.8 million and RMB45.9 million respectively. The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind incurred by the five highest-paid individuals (including three, three and three Directors, respectively) of the Group for the years ended December 31, 2022, 2023 and 2024 amounted to RMB23.2 million, RMB23.2 million and RMB52.0 million respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB16.5 million. The actual remuneration of Directors and Supervisors for 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024, there were three, three and three Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB9.4 million, RMB9.9 million and RMB20.0 million, for the years ended December 31, 2022, 2023 and 2024, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

The Company has appointed Guotai Junan Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser 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 Adviser will advise the Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the [**REDACTED**] from 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

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform the 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 will commence on the [**REDACTED**] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of the Company was RMB139,554,349 comprising 139,554,349 Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] and conversion of Domestic Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the share capital of the Company will be as follows:

Description of Shares[1]	**Number of Shares**	**Approximate percentage of the total share capital of the Company**
		(%)
Domestic Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares[1]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of the Company."

Immediately following the completion of the [**REDACTED**] and conversion of Domestic Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the share capital of the Company will be as follows:

Description of Shares[1]	**Number of Shares**	**Approximate percentage of the total share capital of the Company**
		(%)
Domestic Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares[1]	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of the Company."

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which [**REDACTED**] is sought and for a sufficient public float of an issuer's [**REDACTED**] securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which [**REDACTED**] is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of [**REDACTED**] must be at least 25% of the issuer's total issued share capital.

Based on the information in the above tables, the Company will meet the public float requirement under the Listing Rules after the completion of the [**REDACTED**] (whether the [**REDACTED**] is fully exercised or not).

OUR SHARES

Upon completion of the [**REDACTED**], the H Shares and the Domestic Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

[**REDACTED**]

[**REDACTED**]

DOMESTIC PROCEDURES

The Shareholders who apply for H Share Full Circulation ("**Full Circulation Participating Shareholders**") may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [**REDACTED**]:

(i) We will appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, crossborder settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as the transmission of sale orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities**

Company") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by Shenzhen Stock Exchange ("**SZSE**");

(iii) The SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the Converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Full Circulation Participating Shareholders that held Domestic Shares shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Domestic Shares converted and increased by the number of H Shares so converted.

A Shareholder holding Domestic Shares not converted into H Shares can work with the Company according to the Articles of Association and follow the procedures set out in this document to convert the Domestic Shares into H Shares after the [**REDACTED**] if they want, provided that such conversion of Domestic Shares into and [**REDACTED**] and [**REDACTED**] of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by the Company.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

Our Directors, Supervisors and members of the senior management of the Company shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the Shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of the Company.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, the Company is required to register and deposit our Shares that are not [**REDACTED**] on the overseas stock exchange with the CSDC within 15 business days after the [**REDACTED**] and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not [**REDACTED**] on the overseas stock exchange as well as the [**REDACTED**] and [**REDACTED**] of our H Shares.

As far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of the Domestic Shares into H Shares, the following persons will have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of the Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number and description of the Shares**	**Approximate percentage of interest in the Company**	**Number and description of the Shares**	**Approximate percentage of interest in the Company[1]**	**Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[1]**
			%		%	%
Mr. Ying	Beneficial owner	32,295,581 Domestic Shares	23.14	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation[2]	15,350,000 Domestic Shares	11.00	[REDACTED]	[REDACTED]	[REDACTED]
Jiequan Rundong[3]	Beneficial owner	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Rundong[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Suning Rundong[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Suning Holdings[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Chen Yan (陳艷)[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Jindong[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Kangyang[3]	Interest in controlled corporation	10,069,203 Domestic Shares	7.22	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number and description of the Shares**	**Approximate percentage of interest in the Company**	**Number and description of the Shares**	**Approximate percentage of interest in the Company[1]**	**Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[1]**
			%		%	%
Xinchang VC[4]	Beneficial owner	7,864,556 Domestic Shares	5.64	[REDACTED]	[REDACTED]	[REDACTED]
Xinchang Financial Holdings[4]	Interest in controlled corporation	7,864,556 Domestic Shares	5.64	[REDACTED]	[REDACTED]	[REDACTED]
Xinchang County Industrial Investment Group Co., Ltd. (新昌縣產業投資集團有限公司) ("**Xinchang Industrial Investment**")[4].	Interest in controlled corporation	7,864,556 Domestic Shares	5.64	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Jinmi[5]	Beneficial owner	7,758,489 Domestic Shares	5.56	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Jinxing[5]	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	[REDACTED]	[REDACTED]	[REDACTED]
Xiaomi Inc.[5]	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	[REDACTED]	[REDACTED]	[REDACTED]
Xiaomi Corporation[5]. . . .	Interest in controlled corporation	7,758,489 Domestic Shares	5.56	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Ping An[6]. . . .	Beneficial owner	5,840,017 Domestic Shares	4.18	[REDACTED]	[REDACTED]	[REDACTED]
Ping An Capital[6].	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number and description of the Shares**	**Approximate percentage of interest in the Company**	**Number and description of the Shares**	**Approximate percentage of interest in the Company(1)**	**Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)(1)**
			%		%	%
Shenzhen Ping An Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司) ("**Ping An Yuanxin**")(6)	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) ("**Ping An Financial Technology Consulting**")(6)	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ping An Insurance Group(6) .	Interest in controlled corporation	5,840,017 Domestic Shares	4.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Gongqingcheng Shanyuan(7)(8)	Beneficial owner	5,440,017 Domestic Shares	3.90	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanmei Fund(7)	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanxi Coal Chemical Group Co., Ltd. (陝西煤業化工集團有限責任公司) ("**Shanxi Coal**")(7)	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Xi'an Shanmei Fund Management Co., Ltd. (西安善美基金管理有限公司) ("**Shanmei Fund Management**")(7)	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company[1]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[1]
			%		%	%
Hangzhou Shanqian[8]	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	[REDACTED]	[REDACTED]	[REDACTED]
Jinggangshan Beiyuan VC[8] .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Gaojun[8].	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Gaotuo[8].	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	[REDACTED]	[REDACTED]	[REDACTED]
Jin Yunqin (金允勤)[8]. . . .	Interest in controlled corporation	5,440,017 Domestic Shares	3.90	[REDACTED]	[REDACTED]	[REDACTED]
Shengying VC[9]	Beneficial owner	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Reform Fund[9] . .	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Guosheng[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) ("**Shanghai Guosheng Group**")[9] . .	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Shengpu[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Zhou Daohong[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company[1]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[1]
			%		%	%
Shanghai Zhichen[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Hengji Puye[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Chu Wenjun[9]	Interest in controlled corporation	5,246,553 Domestic Shares	3.76	[REDACTED]	[REDACTED]	[REDACTED]
Ruian Fuhai[10][11]	Beneficial owner	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Ruian State-owned Assets Investment Group Co., Ltd. (瑞安市國有資產投資集團有限公司)[10]. . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Ruian City Urban Construction and Development Group Co., Ltd. (瑞安市城市建設發展集團有限公司)[10]. . .	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Ruian Municipal Finance Bureau (瑞安市財政局)[10].	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Oriental Fortune[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Oriental Fortune[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]
Chen Wei[11]	Interest in controlled corporation	5,005,729 Domestic Shares	3.59	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company(1)	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)(1)
			%		%	%
Shanghai Rujia(2)	Beneficial owner	4,300,000 Domestic Shares	3.08	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Shengguang(12) . . .	Beneficial owner	4,256,977 Domestic Shares	3.05	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Shengguang Yisong New Power(12)	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司)(12) .	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yisong(12)	Interest in controlled corporation	4,256,977 Domestic Shares	3.05	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Jinlin(2)	Beneficial owner	3,750,000 Domestic Shares	2.69	[REDACTED]	[REDACTED]	[REDACTED]
Wu Lingdong	Beneficial owner	750,000 Domestic Shares	0.54	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation(12)	4,256,977 Domestic Shares	3.05	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huicuihengyi(13) . . .	Beneficial owner	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huicuihengyi Management(13)	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huicuihengyi Management Consulting Co., Ltd.(13)	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Pu Jiong(13)	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company[(1)]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[(1)]
			%		%	%
Wuxi Huicuihengyihui New VC[(13)]	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huimao Investment Co., Ltd. (無錫惠茂投資有限公司) ("**Wuxi Huimao**")[(13)] . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huiyun Investment Co., Ltd. (無錫惠運投資有限公司) ("**Wuxi Huiyun**")[(13)] . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huixi Urban Development and Construction Co., Ltd. (無錫惠西城市開發建設有限公司) ("**Wuxi Huixi**")[(13)] .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huishan High Tech Industrial Development Zone Development and Construction Co., Ltd. (無錫惠山高新技術產業開發區開發建設有限公司) ("**Wuxi Huishan**")[(13)] . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Luoshe Asset Investment and Operation Co., Ltd. (無錫洛社資產投資經營有限公司) ("**Wuxi Luoshe**")[(13)] . . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Huiluo Investment Development Co., Ltd. (無錫惠洛投資發展有限公司) ("**Wuxi Huiluo**")[(13)] .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number and description of the Shares	Approximate percentage of interest in the Company	Number and description of the Shares	Approximate percentage of interest in the Company[(1)]	Approximate percentage of interest in the Domestic Shares/ H Shares (as appropriate)[(1)]
			%		%	%
Sichuan Regional Cooperative Fund	Beneficial owner	314,582 Domestic Shares	0.23	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation[(14)]	4,404,152 Domestic Shares	3.16	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Manufacturing Fund[(14)]	Beneficial owner	4,404,152 Domestic Shares	3.16	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Xietong[(14)]	Interest in controlled corporation	4,404,152 Domestic Shares	3.16	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Xingchuan[(14)(15)] . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Industrial Revitalization Fund Investment Group Co., Ltd. (四川產業振興基金投資集團有限公司) ("**Sichuan Industrial Fund**")[(14)(15)].	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Department of Finance of Sichuan Province[(14)(15)] . .	Interest in controlled corporation	4,718,734 Domestic Shares	3.38	[REDACTED]	[REDACTED]	[REDACTED]
Dongfeng Group	Beneficial owner	3,622,560 Domestic Shares	2.60	[REDACTED]	[REDACTED]	[REDACTED]

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Domestic Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon the exercise of the [**REDACTED**]).

(2) As of the Latest Practicable Date, Mr. Ying was the general partner of our Employee Incentive Platforms. As a result, Mr. Ying is deemed to be interested in the 15,350,000 Shares held by these Employee Incentive Platforms under the SFO.

(3) As of the Latest Practicable Date, Nanjing Rundong was the general partner of Jiequan Rundong. Nanjing Rundong had two limited partners (Suning Holdings and Chen Yan, holding 59.00% and 40.00% of the limited partnership interest, respectively) and was managed by its general partner Suning Rundong, which was in turn owned as to 80.00% by Suning Holdings. Suning Holdings was owned as to 51.00% by Zhang Jindong and as to 39.00% by Zhang Kangyang. As a result, each of Nanjing Rundong, Chen Yan, Suning Rundong, Suning Holdings, Zhang Jindong and Zhang Kangyang is deemed to be interested in the 10,069,203 Shares held by Jiequan Rundong under the SFO.

(4) As of the Latest Practicable Date, Xinchang VC was owned as to 49.00% by Xinchang Financial Holdings, which was in turn wholly-owned by Xinchang Industrial Investment. Xinchang Industrial Investment was wholly-owned by Xinchang SASAO. As a result, each of Xinchang Financial Holdings and Xinchang Industrial Investment is deemed to be interested in the 7,864,556 Shares held by Xinchang VC under the SFO.

(5) As of the Latest Practicable Date, Tianjin Jinmi was owned as to approximately 86.20% by its general partner, namely, Tianjin Jinxing. Tianjin Jinxing was wholly-owned by Xiaomi Inc., which was controlled by Xiaomi Corporation (a company listed on the Main Board of the Stock Exchange (stock code: 1810)). As a result, each of Tianjin Jinxing, Xiaomi Inc. and Xiaomi Corporation is deemed to be interested in the 7,758,489 Shares held by Tianjin Jinmi under the SFO.

(6) As of the Latest Practicable Date, Guangzhou Ping An was managed by its general partner Ping An Capital. Ping An Capital was wholly-owned by Ping An Yuanxin, which was in turn wholly-owned by Ping An Financial Technology Consulting. Ping An Financial Technology Consulting was wholly-owned by Ping An Insurance Group (a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 02318) and the Shanghai Stock Exchange (stock code: 601318)). As a result, each of Ping An Capital, Ping An Yuanxin, Ping An Financial Technology Consulting and Ping An Insurance Group is deemed to be interested in the 5,840,017 Shares held by Guangzhou Ping An under the SFO.

(7) As of the Latest Practicable Date, Shanmei Fund held approximately 98.90% limited partnership interest in Gongqingcheng Shanyuan. Shanmei Fund was managed by its general partner Shanmei Fund Management, which was in turn owned as to 98.00% by Shanxi Coal. Shanxi Coal also held 99.98% limited partnership interest in Shanmei Fund. Shanxi Coal was wholly-owned by State-owned Assets Supervision and Administration Commission of Shanxi Province. As a result, each of Shanmei Fund, Shanxi Coal and Shanmei Fund Management is deemed to be interested in the 5,440,017 Shares held by Gongqingcheng Shanyuan under the SFO.

(8) As of the Latest Practicable Date, Gongqingcheng Shanyuan was managed by its general partner Hangzhou Shanqian. Hangzhou Shanqian was owned as to 50% and 50% by its general partners, Jinggangshan Beiyuan VC and Hangzhou Gaojun, respectively. Hangzhou Gaojun was managed by Hangzhou Gaotuo as its general partner, which was in turn owned as to 60.00% by Jin Yunqin. Jin Yunqin also held approximately 56.00% limited partnership interest in Hangzhou Gaojun. As a result, each of Hangzhou Shanqian, Jinggangshan Beiyuan VC, Hangzhou Gaojun, Hangzhou Gaotuo and Jin Yunqin is deemed to be interested in the 5,440,017 Shares held by Gongqingcheng Shanyuan under the SFO.

(9) As of the Latest Practicable Date, Shengying VC was managed by its general partners Shanghai Guosheng, Shanghai Shengpu and Shanghai Zhichen. Shanghai Reform Fund held approximately 65.56% limited partnership interest in Shengying VC. Shanghai Guosheng was owned as to approximately 49.80% by State-owned Assets Supervision and Administration Commission of Shanghai through its wholly controlled entities. Shanghai Reform Fund was managed by Shanghai Guosheng as its general partner. Shanghai Guosheng Group held approximately 40.27% limited partnership interest in Shanghai Reform Fund. Shanghai Guosheng Group was wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai. Shanghai Shengpu was managed by its general partner Zhou Daohong. Shanghai Zhichen was wholly-owned by Hengji Puye, which was in turn owned as to 40.00% by Chu Wenjun. As a result, each of Shanghai Reform Fund, Shanghai Guosheng, Shanghai Guosheng Group, Shanghai Shengpu, Zhou Daohong, Shanghai Zhichen, Hengji Puye and Chu Wenjun is deemed to be interested in the 5,246,553 Shares held by Shengying VC under the SFO.

(10) As of the Latest Practicable Date, Ruian Fuhai was owned as to 69.00% by Ruian State-owned Assets Investment Group Co., Ltd. as one of its limited partners, which was in turn owned as to 51.00% by Ruian Municipal Finance Bureau and 49.00% by Ruian City Urban Construction and Development Group Co., Ltd., which was in turn owned as to approximately 97.54% by Ruian Municipal Finance Bureau. As a result, each of Ruian State-owned Assets Investment Group Co., Ltd., Ruian Municipal Finance Bureau and Ruian City Urban Construction and Development Group Co., Ltd. is deemed to be interested in the 5,005,729 Shares held by Ruian Fuhai under the SFO.

(11) As of the Latest Practicable Date, Ruian Fuhai was managed by its general partner Oriental Fortune, which was in turn wholly-owned by Shenzhen Oriental Fortune. Shenzhen Oriental Fortune was owned as to approximately 41.67% by Chen Wei (directly as to approximately 12.89% by himself and indirectly as to approximately 28.78% through his controlled corporation). As a result, each of Oriental Fortune, Shenzhen Oriental Fortune and Chen Wei is deemed to be interested in the 5,005,729 Shares held by Ruian Fuhai under the SFO.

(12) As of the Latest Practicable Date, Zhuhai Shengguang Yisong New Power held approximately 99.90% limited partnership interests in Zhuhai Shengguang. Guangdong Advertising Group Co., Ltd., a joint stock limited company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002400), held approximately 99.98% limited partnership interests in Zhuhai Shengguang Yisong New Power. Zhuhai Shengguang Yisong New Power was managed by Shanghai Yisong, which was in turn owned as to 80.00% by Wu Lingdong. Shanghai Yisong was also the general partner of Zhuhai Shengguang. As a result, each of Zhuhai Shengguang Yisong New Power, Guangdong Advertising Group Co., Ltd., Shanghai Yisong and Wu Lingdong is deemed to be interested in the 4,256,977 Shares held by Zhuhai Shengguang under the SFO.

(13) As of the Latest Practicable Date, Wuxi Huicuihengyi was managed by its general partner Wuxi Huicuihengyi Management, which was in turn owned as to 80.00% by Wuxi Huicuihengyi Management Consulting Co., Ltd. (an entity wholly-owned by Pu Jiong). As a result, each of Wuxi Huicuihengyi Management, Wuxi Huicuihengyi Management Consulting Co., Ltd. and Pu Jiong is deemed to be interested in the 4,718,734 Shares held by Wuxi Huicuihengyi under the SFO.

As of the Latest Practicable Date, Wuxi Huicuihengyihui New VC held 79.999% limited partnership interest in Wuxi Huicuihengyi. Wuxi Huicuihengyihui New VC was managed by its general partner Wuxi Huicuihengyi Management. Wuxi Huimao and Wuxi Huiyun owned approximately 50.00% and 49.9995% limited partnership interest in Wuxi Huicuihengyihui New VC, respectively. Wuxi Huimao and Wuxi Huiyun were both wholly-owned by Wuxi Huixi, which was in turn wholly-owned by Wuxi Huishan. State-owned Assets Administration Office of Wuxi City Huishan District (無錫市惠山區國有資產管理辦公室) and Wuxi Luoshe owned approximately 55.56% and 44.44% equity interest of Wuxi Huishan, respectively. Wuxi Luoshe was wholly-owned by Wuxi Huiluo, which was in turn owned as to 80.00% by Wuxi Huishan. As a result, each of Wuxi Huicuihenghui New VC, Wuxi Huimao, Wuxi Huiyun, Wuxi Huixi, Wuxi Huishan, Wuxi Luoshe and Wuxi Huiluo is deemed to be interested in the 4,718,734 Shares held by Wuxi Huicuihengyi under the SFO.

(14) As of the Latest Practicable Date, Sichuan Regional Cooperative Fund held approximately 69.83% limited partnership interest in Sichuan Manufacturing Fund. Sichuan Manufacturing Fund was managed by Sichuan Xietong, which was in turn owned as to 68.00% by Sichuan Xingchuan. As a result, each of Sichuan Regional Cooperative Fund, Sichuan Xietong and Sichuan Xingchuan is deemed to be interested in the 4,404,152 Shares held by Sichuan Manufacturing Fund under the SFO.

(15) As of the Latest Practicable Date, Sichuan Regional Cooperative Fund was managed by Sichuan Xingchuan as its general partner, which was in turn wholly-owned by Sichuan Industrial Fund. Sichuan Industrial Fund was owned as to 83.00% by Department of Finance of Sichuan Province. As a result, each of the Sichuan Xingchuan, Sichuan Industrial Fund and Department of Finance of Sichuan Province is deemed to be interested in the 4,718,734 Shares that Sichuan Regional Cooperative Fund interested in under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of the Domestic Shares into H Shares, have any interest and/or short position in the Shares or underlying shares of the Company which will be required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

The following discussion and our analysis should be read in conjunction with our combined financial statements included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our combined financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the years of 2022, 2023 and 2024 refer to our financial years ended December 31 of such years, respectively.

OVERVIEW

We are a pioneer in China's automotive intelligence industry, one of the few domestic providers of both smart cockpit and intelligent vehicle connectivity solutions. We stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. According to CIC, we are the second-largest provider of smart cockpit domain controller solutions for NEVs produced in China in terms of shipment volume in 2024 with a market share of 11.9%, ranking after a player with a market share of 22.8%. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. We also offer intelligent vehicle connectivity solutions to elevate the driving experience, as well as enhance efficiency and cost-effectiveness. Our smart cockpit and intelligent vehicle connectivity solutions have been deployed by three of the top five Chinese OEMs and two of the top five Chinese premium emerging NEV brands in terms of sales volume in 2024.

We have achieved significant growth in recent years. Our revenue amounted to RMB1,217.8 million, RMB1,495.8 million and RMB2,557.0 million in 2022, 2023 and 2024, respectively. Our gross profit was RMB171.1 million, RMB231.1 million and RMB301.0 million in 2022, 2023 and 2024, respectively, representing a gross profit margin of 14.1%, 15.4% and 11.8% in the same years, respectively. We had net loss of RMB452.2 million, RMB283.8 million and RMB540.8 million in 2022, 2023 and 2024, respectively. Our adjusted net loss (non-IFRS measure) was RMB390.5 million, RMB218.4 million and RMB352.4 million in 2022, 2023 and 2024, respectively. Our adjusted EBITDA (non-IFRS measure) was RMB(317.6) million, RMB(126.6) million and RMB(215.3) million in 2022, 2023 and 2024, respectively. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures" for a reconciliation of our net loss to the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure).

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on January 1, 2024, throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 to the Accountants' Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the following significant factors.

General Factors

Our results of operations and financial condition are affected by general factors affecting the automotive intelligence industry, primarily including:

- global and China's macroeconomic conditions and the growth of passenger vehicle market in China;
- development of global and China's automotive intelligence industry, in particular the smart cockpit solutions market and intelligent vehicle connectivity solutions market;
- governmental policies, initiatives and incentives affecting China's automotive intelligence market;
- market acceptance of smart cockpit and intelligent vehicle connectivity solutions;
- the competition in China's smart cockpit and intelligent vehicle connectivity markets; and
- technology developments for smart cockpit and intelligent vehicle connectivity.

Company Specific Factors

While our business is influenced by the general factors set forth above, our results of operations are more directly affected by specific factors relating to our business, primarily including:

Our Ability to Strengthen Relationships with Existing Customers and Expand Our Customer Base

Our results of operations depend significantly on our ability to increase shipment volume of our smart cockpit and intelligent vehicle connectivity solutions to OEM customers. We have established strong collaborations with major Chinese OEMs and their rapidly growing NEV brands such as Avatr and Voyah. Our high-quality, innovative solutions and ongoing marketing efforts have also allowed us to forge partnerships with overseas renowned customers. We will continue to enhance our solution offerings and customer experience to deepen customer loyalty. Revenue growth has been achieved in the past, which is expected to be driven by our ability to strengthen our relationships with existing customers.

We are also actively identifying, acquiring, and maintaining new customers to expand our customer base. Leveraging our highly scalable business model, we strive to attract leading OEMs across China to increase the penetration of our solutions equipped with car models of Chinese leading OEMs. Furthermore, we intend to strategically expand our international market presence primarily through offering smart cockpit solutions to be deployed on car models of major global OEMs. Our product development expertise and smart cockpit solutions will enable us to offer significant customization for diverse international markets. As we continue to develop and offer new solutions and expand our sales and service network, we anticipate rapid growth in our customer base and revenue.

Our Ability to Successfully Develop Solutions and Optimize the Mix of Our Solutions

We offer smart cockpit solutions that integrate software, hardware and cloud-based vehicle connectivity. We adopt a flexible approach that allows customers to choose individual products and solutions or combine various components into a seamless and integrated smart cockpit experience. This approach ensures an integrated solution tailored to meet diverse customer needs.

We believe we have established our brand for smart cockpit and intelligent vehicle connectivity solutions among Chinese leading OEMs. Our revenue increased rapidly from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023 and further to RMB2.557.0 million in 2024. Our ability to continuously grow revenue and expand margins will depend on our ability to develop and launch new offerings of solutions. We aspire to accelerate the advancement of our offerings by introducing smart cockpit solutions with a central computing platform that integrates the intelligent cockpit domain, autonomous driving domain, and vehicle body domain, as well as other in-vehicle smart facilities. Moreover, we plan to expand our offerings to provide smart cockpit domain solutions tailored to the varying needs of high-end, mid-range, and mass-market vehicle models for OEMs. To extend our reach upstream in the automotive intelligence industry's value chain, we are also taking initiatives among independent provider of smart cockpit solutions to explore the field of automotive-grade chips. Our ability to bring more value to our customers through continuous innovation in solutions and technologies influences OEMs' decisions to choose our solutions, which in turn affects our results of operations and financial condition.

Our gross profit margins vary across different business lines as well as different solutions and services, due to a variety of factors including technological advancement, pricing power, market demand, manufacturing costs, and availability of competing solutions. With a view to increasing our revenue and profitability, we plan to continue introducing new solutions to meet the evolving demand in the automotive industry.

Our Ability to Enhance Technological Capabilities

We have been committed to in-house research and development of advanced technologies since our inception. These technologies mainly focus on highly customized operating system, automotive embedded software, echo cancellation and noise reduction and equalization algorithms, cockpit domain control, dual-processor SoC technology, T-Box in-vehicle communication integration, high-power processors air cooling technology, in-vehicle multi-display, customizable navigation system, and emergency rescue system. Our market share is affected by our ability to maintain our leading position in solution performance, which further depends on our continuous investments in research and development of new technologies and solutions. Our investment in research and development has yielded 1,721 issued patents as of December 31, 2024, among which 898 are invention patents.

Our business and competitive position depend on our ability to retain or hire technology talents. We will continue to recruit and retain top-tier talent from the global talent pool to continue our innovation efforts, including, among others, the development of centralized computing platform, in-vehicle operating systems, and automotive-grade chips. We expect our strategic focus on innovations will further differentiate our solutions, further enhancing our competitiveness.

Our Ability to Manage Raw Material Costs Effectively

The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. Our results of operations are significantly affected by the material costs, which forms the majority of our cost of sales. In 2022, 2023 and 2024, our material costs were RMB834.6 million, RMB903.0 million and RMB1,747.3 million, respectively, representing 79.7%, 71.4% and 77.5% of the total cost of sales in the corresponding years, respectively.

The prices of raw materials and components are susceptible to significant price fluctuations due to supply and demand trends of such materials and components, transportation costs, government regulations and tariffs, price controls, economic climate and other unforeseen circumstances. The principal raw materials and components that we use in the production of smart cockpit products primarily include chips and screens. Automotive-grade chips are the most important raw materials for our smart cockpit solutions. The COVID-19 pandemic caused a global chip shortage starting in late 2020 which resulted in a sharp increase in chip prices in 2021 and 2022. Since 2023, the supply of chips has stabilized, leading to a decline in chip prices. According to CIC, the average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions was RMB791.1 per unit, RMB684.5 per unit and RMB699.2 per unit in 2022, 2023 and 2024, respectively. The average price of mainstream automotive-grade chips for passenger vehicle smart cockpit solutions is expected to increase at a moderate rate in the near future, according to CIC. For more details, see "Industry Overview — Global and China's Passenger Vehicle Smart Cockpit Solution Market — Main Materials for Passenger Vehicle Smart Cockpit Solution."

We manage our raw material costs by maintaining long-term relationships with key suppliers and selecting new suppliers that offer competitive prices. See "Business — Our Suppliers." We do not use financial instruments to hedge our raw material exposure. We expect the prices of raw materials and components to continue to fluctuate in the foreseeable future and our results of operations will continue to be materially affected by such movements. See "Risk Factors — Risks Relating to Our Business and Industry — Disruptions in the supply of raw materials or components used in our smart cockpit solutions or in the supply of certain services used in our intelligent vehicle connectivity solutions may materially and adversely affect our business and profitability." We believe that, as a result of our increased business scale, we can have a greater bargaining power with suppliers of raw materials and components and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability.

Our Ability to Improve Operating Efficiency

Our results of operations are further affected by our ability to maintain and improve our operating efficiency, as measured by our total operating expenses as a percentage of our revenues. Our selling expenses were RMB109.7 million, RMB116.8 million and RMB148.9 million in 2022, 2023 and 2024, respectively, which accounted for 9.0%, 7.8% and 5.8% of our total revenue, respectively. Our administrative expenses were RMB250.4 million, RMB259.8 million and RMB370.4 million in 2022, 2023 and 2024, respectively, representing 20.6%, 17.4% and 14.5% of our total revenue, respectively. Although the aggregate amount of our selling and administrative expenses increased during the Track Record Period, our selling and administrative expenses as a percentage of our total revenues decreased during the Track Record Period, reflecting our improved operational efficiency.

To improve our profitability, we aim to improve operating efficiency in key aspects of our business, such as production, sales and marketing, and post-sale services. We plan to optimize our service processes to empower our sales personnel to respond more rapidly and efficiently to customers' demand. In addition, we strive to streamline internal management to achieve more efficient collaboration across all departments and business lines. We expect our selling expenses and administrative expenses as percentage of revenue to decrease over time due to economies of scale and improved operational efficiency.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given OEMs in the automotive industry usually deliver more of their vehicle models towards the year end, it can impact the delivery of our solutions in the fourth quarter of each year. Our delivery of solutions typically increase in the second half of the year, which is generally in line with the trend of sales volume of passenger vehicles in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonality."

MATERIAL ACCOUNTING POLICIES

Our material accounting policies, which are important for understanding our financial condition and results of operations, are set forth in Note 4 to the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions, estimates and judgements that are set forth in Note 5 to the Accountants' Report included in Appendix I to this document. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. See Note 4 to the Accountants' Report in Appendix I to this document for a description of other material accounting policies.

Revenue Recognition

During the Track Record Period, we generated revenue primarily from (i) sales of smart cockpit solutions, (ii) providing intelligent vehicle connectivity solutions to OEMs, and (iii) other sources, consisting primarily of sales of materials and components to OEMs and Tier-1 suppliers to OEMs in connection with their production of passenger vehicles. We are primarily responsible for providing the solution and product to the customers being a principal.

Smart Cockpit Solutions

We offer OEMs smart cockpit solutions that integrate software, hardware, and cloud-based vehicle connectivity. We recognize revenue generated from smart cockpit solutions at a point in time when the smart cockpit solutions are accepted by customers.

Intelligent Vehicle Connectivity Solutions

Our intelligent vehicle connectivity solutions provide a wide range of user engagement optimization services and vehicle connectivity platform services to OEMs. We recognize revenue from intelligent vehicle connectivity solutions over time on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by us as we perform our obligations. The consideration received in advance in connection with these services is recognized as a contract liability and is released on a straight-line basis over the period of services.

Impairment on Equipment, Right-of-use Assets and Contract Costs

At the end of the reporting period, we review the carrying amounts of equipment, right-of-use assets and contract costs with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before we recognize an impairment loss for assets capitalized as contract costs under IFRS 15, we assess and recognize any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amount exceeds the remaining amount of consideration that we expect to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, we revise our estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Lease

We assess whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Our Group as a Lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more lease or non-lease components, we allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

We apply the short-term lease recognition exemption to leases of staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received; and

- any initial direct costs incurred by us.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which we are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

We present right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

We remeasure lease liabilities (and make a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

We present lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

We account for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, we remeasure the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

We account for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, we allocate the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables and trade receivables due from related parties arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from contracts with customers ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For details, see Note 4 to the Accountants' Report included in Appendix I to this document.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which we recognize the right-of-use assets and the related lease liabilities, we first determine whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, we apply IAS 12 requirements to the lease liabilities and the related assets separately. We recognize a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Expected Credit Loss for Trade Receivables

Trade receivables and contract assets with different credit risk characteristics are assessed for expected credit loss ("ECL") individually. In addition, we use practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration our historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Estimated Impairment of Property, Plant and Equipment and Right-of-use Assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation or amortization and impairment, if any. In determining whether property, plant and equipment and right-of-use assets are impaired, we have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the assets belong, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires us to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

Fair Value Measurements and Valuation Process

Some of our financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, we use market-observable data to the extent it is available. Where market-observable data is not available, judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in the inputs could result in material adjustments to the fair value of these financial assets.

DESCRIPTION OF MAJOR COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income and as percentages of our revenue for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Revenue	1,217,757	100.0	1,495,817	100.0	2,557,003	100.0
Cost of sales	(1,046,635)	(85.9)	(1,264,729)	(84.6)	(2,256,001)	(88.2)
Gross profit	**171,122**	**14.1**	**231,088**	**15.4**	**301,002**	**11.8**
Other income	46,949	3.9	30,820	2.1	59,884	2.3

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)					
Impairment losses under expected credit loss model, net of reversal	(5,400)	(0.4)	(14,170)	(0.9)	(149,945)	(5.9)
Other gains and losses	(178)	(0.0)	108,431	7.2	50,853	2.0
Selling expenses	(109,709)	(9.0)	(116,838)	(7.8)	(148,891)	(5.8)
Administrative expenses	(250,397)	(20.6)	(259,797)	(17.4)	(370,379)	(14.5)
Research and development costs	(277,424)	(22.8)	(235,440)	(15.7)	(207,279)	(8.1)
Share of result of an associate	–	–	–	–	(733)	(0.0)
Share of result of joint venture	–	–	–	–	(10)	(0.0)
[REDACTED] expenses	–	–	–	–	[REDACTED]	[REDACTED]
Finance costs	(27,113)	(2.2)	(27,788)	(1.9)	(44,074)	(1.7)
Loss before tax	(452,150)	(37.1)	(283,694)	(19.0)	(540,793)	(21.1)
Income tax	(3)	(0.0)	(67)	(0.0)	(27)	(0.0)
Loss for the year	**(452,153)**	**(37.1)**	**(283,761)**	**(19.0)**	**(540,820)**	**(21.1)**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impact of certain items. We believe that such measures provide 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 the adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for equity-settled share-based payments and [**REDACTED**] expenses. Our equity-settled share-based payments consist of non-cash expenses arising from granting restricted ordinary shares to eligible individuals. [**REDACTED**] expenses are the expenses arising from activities in relation to the proposed [**REDACTED**] and [**REDACTED**].

We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) adjusted by adding back (i) finance costs, (ii) income tax, (iii) depreciation of property, plant and equipment, and (iv) depreciation of right-of-use assets, and deducting interest income from bank deposits. The terms "adjusted net loss" and "adjusted EBITDA" are not defined under IFRS, and such terms may not be comparable to other similarly named measures used by other companies.

	For the year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Loss for the year	**(452,153)**	**(283,761)**	**(540,820)**
Add:			
Equity-settled share-based payments	61,638	65,363	157,186
[**REDACTED**] expenses	–	–	[**REDACTED**]
Adjusted net loss (non-IFRS measure)	**(390,515)**	**(218,398)**	**(352,413)**
Add:			
Finance costs	27,113	27,788	44,074
Income tax expenses	3	67	27
Depreciation of property, plant and equipment	25,517	30,276	39,539
Depreciation of right-of-use assets	24,855	35,415	55,430
Less:			
Interest income from bank deposits	(4,596)	(1,756)	(1,956)
Adjusted EBITDA (non-IFRS measure)	**(317,623)**	**(126,608)**	**(215,299)**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from smart cockpit solutions, intelligent vehicle connectivity solutions and others. The following table sets forth a breakdown of our revenue, in both absolute terms and as a percentage of our revenue for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Smart cockpit solutions						
Domain controllers[1]	674,302	55.4	784,850	52.4	1,959,008	76.6
Cockpit components[2]	238,284	19.6	208,829	14.0	158,507	6.2
R&D services	165,963	13.6	358,719	24.0	323,893	12.7
Subtotal	**1,078,549**	**88.6**	**1,352,398**	**90.4**	**2,441,408**	**95.5**
Intelligent vehicle connectivity solutions	89,326	7.3	122,370	8.2	110,228	4.3
Others[3]	49,882	4.1	21,049	1.4	5,367	0.2
Total revenue	**1,217,757**	**100.0**	**1,495,817**	**100.0**	**2,557,003**	**100.0**

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

We derive a substantial portion of our revenue from providing smart cockpit solutions that integrate software, hardware, cloud-based vehicle connectivity to OEMs and Tier-1 suppliers. In 2022, 2023 and 2024, our revenue generated from smart cockpit solutions was RMB1,078.5 million, RMB1,352.4 million and RMB2,441.4 million, respectively, representing 88.6%, 90.4% and 95.5% of our total revenue, respectively. The overall increase was mainly attributable to (i) the rise in shipment volume of our smart cockpit solutions driven by growing demand from our existing customers and the rapid expansion of our customer base, and (ii) the higher prices of our smart cockpit solutions for high-end vehicle models.

We provide intelligent vehicle connectivity solutions to OEMs, consisting of a variety of user engagement optimization services and vehicle connectivity platform services. In 2022, 2023 and 2024, revenue from intelligent vehicle connectivity solutions amounted to RMB89.3 million, RMB122.4 million and RMB110.2 million, accounting for 7.3%, 8.2% and 4.3% of our total revenue, respectively. The fluctuations in our revenue from intelligent vehicle connectivity solutions were primarily due to changes in customer demand.

We also generate revenue from selling materials and components to be used by OEMs and Tier-1 suppliers in their production, which consist primarily of automotive-grade chips. In 2022, 2023 and 2024, our revenue from others was RMB49.9 million, RMB21.0 million and RMB5.4 million, accounting for 4.1%, 1.4% and 0.2% of our total revenue, respectively. The significant decrease in our revenue from others was primarily due to variations in the demand, sales channels and market price for automotive-grade chips. In 2022 when chip supplies ran low, we purchased certain automotive-grade chips and sold them to certain OEM customers to help them alleviate the chip shortage impact. We do not consider sales of chips as our core business, and we plan to further reduce sales of chips over the next five years.

Cost of Sales

Our cost of sales consists primarily of (i) material costs which were attributable to the procurement of raw materials and components for the production of smart cockpits, (ii) manufacturing costs which mainly include energy consumption, depreciation of manufacturing equipment and facilities, and other miscellaneous costs associated with our production activities, and (iii) staff costs, consisting primarily of salaries, bonuses, social insurance, and other benefits for our operation and maintenance staff, manufacturing workforce, and R&D personnel involved in delivering smart cockpit solutions. In 2022, 2023 and 2024, our cost of sales was RMB1,046.6 million, RMB1,264.7 million and RMB2,256.0 million, accounting for 85.9%, 84.6% and 88.2% of our total revenue, respectively.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Material costs	834,600	68.5	902,977	60.4	1,747,343	68.3
Manufacturing costs	120,648	9.9	199,788	13.4	306,895	12.0
Staff costs	91,387	7.5	161,964	10.8	201,763	7.9
Total	**1,046,635**	**85.9**	**1,264,729**	**84.6**	**2,256,001**	**88.2**

Our principal raw material and components procured for production smart cockpits include automotive-grade chips, integrated circuits and structural components. We purchase automotive-grade chips from suppliers in the United States, Taiwan and mainland China and other raw materials and components from suppliers in mainland China. Material costs are the largest component of our cost of sales. In 2022, 2023 and 2024, our material costs amounted to RMB834.6 million, RMB903.0 million and RMB1,747.3 million, respectively, accounting for 68.5%, 60.4% and 68.3% of our total revenue, respectively.

The following table sets forth a breakdown of our cost of sales by offering of products and services, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Smart cockpit solutions	943,362	77.4	1,148,555	76.8	2,165,626	84.6
Intelligent connectivity solutions	74,201	6.1	96,865	6.5	85,899	3.4
Others[(1)]	29,072	2.4	19,309	1.3	4,476	0.2
Total	**1,046,635**	**85.9**	**1,264,729**	**84.6**	**2,256,001**	**88.2**

Note:

(1) Consist primarily of purchase costs associated with our sales of automotive-grade chips.

The following table sets forth the sensitivity analysis on the impact on our loss before tax for the changes in material costs. Actual changes in our loss before taxation resulting from increase or decrease in the material costs may differ from the results of the following sensitivity analysis.

	Impact on loss before tax		
	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Hypothetical fluctuations in material costs:			
Increase of 5%	(41,730)	(45,149)	(87,367)
Decrease of 5%	41,730	45,149	87,367
Increase of 10%	(83,460)	(90,298)	(174,734)
Decrease of 10%	83,460	90,298	174,734
Increase of 20%	(166,920)	(180,595)	(349,469)
Decrease of 20%	166,920	180,595	349,469

Gross Profit and Gross Profit Margin

Our gross profit represents our total revenue less our total cost of sales, and our gross profit margin represents gross profit divided by our total revenue, expressed as a percentage. The following table sets forth our gross profit and gross profit margin by business line for the years indicated.

The following table sets forth a breakdown of our gross profit and gross profit margin by offering of products and services.

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
Smart cockpit solutions						
Domain controllers[(1)]	44,588	6.6%	36,515	4.7%	143,604	7.3%
Cockpit components[(2)]	32,012	13.4%	17,277	8.3%	10,921	6.9%
R&D services	58,586	35.3%	150,050	41.8%	121,257	37.4%
Subtotal	**135,186**	**12.5%**	**203,842**	**15.1%**	**275,782**	**11.3%**
Intelligent vehicle connectivity solutions	15,126	16.9%	25,505	20.8%	24,328	22.1%
Others[(3)]	20,810	41.7%	1,741	8.3%	892	16.6%
Total	**171,122**	**14.1%**	**231,088**	**15.4%**	**301,002**	**11.8%**

Notes:

(1) Consist of domain controllers and modules sold to our customers. These modules are specific functional components to domain controllers, possessing certain computing capabilities that enable them to enhance processing and performance capabilities or perform communication functions. For details, see "Business — Smart Cockpit Solutions — Major Components of Our Smart Cockpit Solutions — Domain Controller."

(2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including operating systems and application software which are purchased separately by customers from our domain controllers).

(3) Consist primarily of sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

In 2022, 2023 and 2024, our gross profit was RMB171.1 million, RMB231.1 million and RMB301.0 million, representing a gross profit margin of 14.1%, 15.4% and 11.8%, respectively. Our gross profit margin was substantially impacted by the fluctuation of our material costs. Although the average price of mainstream chips for passenger vehicle smart cockpit solutions in China decreased from RMB791.1 per unit in 2022 to RMB699.2 per unit in 2024, according to CIC, our overall costs for purchase of automotive-grade chips remained steady. This deviation is due to an increase in the variety and volume of new products using high-end chips, a result of our continuous development and optimization of various solutions and products.

Other Income

Our other income mainly includes (i) government grants for our research and development programs and our business operation and value-added tax additional deduction, (ii) interest income from bank deposits, and (iii) rental income. In 2022, 2023 and 2024, our other income was RMB46.9 million, RMB30.8 million and RMB59.9 million, accounting for 3.9%, 2.1% and 2.3% of our total revenue, respectively. The following table sets forth a breakdown of our other income by nature, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Government grants and value-added tax additional deduction	40,351	3.4	26,973	1.9	56,623	2.2
Interest income from bank deposits	4,596	0.4	1,756	0.1	1,956	0.1
Rental income	1,742	0.1	2,091	0.1	69	–
Others	260	0.0	–	–	1,236	–
Total	**46,949**	**3.9**	**30,820**	**2.1**	**59,884**	**2.3**

Impairment Losses under Expected Credit Loss Model (Net of Reversal)

Our impairment losses under expected credit loss model (net of reversal) represent the impairment losses on trade and other receivables due from certain customers or reversal of impairment losses if we expect our credit loss to decrease. We had impairment losses recognized under expected credit loss model of RMB5.4 million, RMB14.2 million and RMB149.9 million in 2022, 2023 and 2024, respectively.

Other Gains and Losses

Our other gains and losses consist primarily of (i) gains or losses from changes in fair value of financial assets at FVTPL which consist primarily of our equity investment in an intelligent new energy vehicle manufacturer, (ii) net foreign exchanges gains or losses mainly associated with overseas procurement of certain raw materials and components, (iii) donations primarily comprising those we made to a foundation that promotes open source collaboration and innovation and to a charity organization for flood relief, and (iv) losses on disposal of property, plant and equipment and early termination of lease. The following table sets forth a breakdown of our other gains and losses by nature, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Gains from changes in fair value of financial assets at FVTPL	417	0.1	111,758	7.5	65,646	2.6
Net foreign exchange losses	(638)	(0.1)	(3,500)	(0.2)	(12,002)	(0.5)
Donations	(17)	(0.0)	–	–	(500)	–
Losses on disposal of property, plant and equipment and early termination of lease	–	–	(147)	(0.0)	(3,323)	(0.1)
Others	60	0.0	320	0.0	1,032	0.0
Total	**(178)**	**0.0**	**108,431**	**7.3**	**50,853**	**2.0**

Selling Expenses

Our selling expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our sales and marketing personnel and after-sale service staff, (ii) after-sale service expenses that we incurred for the repair or replacement of smart cockpit solutions that we have sold, (iii) promotion, advertising and travelling expenses in connection with customer acquisition activities, and (iv) depreciation and amortization expenses.

The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Staff costs	66,238	5.5	64,820	4.2	78,525	3.1
After-sales service expenses	21,814	1.8	25,001	1.7	32,037	1.3
Promotion, advertising and travelling expenses	16,261	1.3	20,409	1.4	24,340	1.0
Depreciation and amortization	355	0.0	1,171	0.1	4,317	0.2
Others[(1)]	5,041	0.4	5,437	0.4	9,672	0.4
Total	**109,709**	**9.0**	**116,838**	**7.8**	**148,891**	**5.8**

Note:

(1) Consist primarily of office expenses, rental expenses, telecommunication expenses, consulting service fees, and software licensing fees.

In 2022, 2023 and 2024, our selling expenses were RMB109.7 million, RMB116.8 million and RMB148.9 million, respectively, accounting for 9.0%, 7.8% and 5.8% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our administrative and management personnel, (ii) depreciation and amortization in connection with office spaces and equipment, (iii) office expenses consisting primarily of rental expenses for office spaces, and other general office expenses, (iv) professional service fees mainly representing fees for engaging third-party agencies in relation to our legal and consulting services, (v) business development expenses of our administrative personnel, and (vi) intellectual property fees consisting primarily of agency fees for patent application and maintenance.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Staff costs	150,560	12.3	150,088	10.0	268,022	10.5
Depreciation and amortization	31,998	2.6	29,961	2.0	29,619	1.2
Office expenses	27,763	2.3	24,759	1.7	20,203	0.8
Professional service fees	12,070	1.0	15,333	1.0	9,018	0.4
Business development expenses	10,218	0.8	14,317	1.0	21,134	0.8
Intellectual property fees	8,009	0.7	6,203	0.4	7,408	0.3
Others[1]	9,779	0.9	19,136	1.3	24,442	1.0
Total	**250,397**	**20.6**	**259,797**	**17.4**	**370,379**	**14.5**

Note:

(1) Consist primarily of recruiting and training expenses, software licensing fees, and telecommunication expenses.

In 2022, 2023 and 2024, our administrative expenses were RMB250.4 million, RMB259.8 million and RMB370.4 million, respectively, accounting for 20.6%, 17.4% and 14.5% of our total revenue, respectively. We recorded professional service fees of RMB12.1 million, RMB15.3 million and RMB9.0 million during the same periods, related to legal and consulting services we received.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits, (ii) depreciation and amortization, representing the allocation of the costs of tangible and intangible assets used in research and development activities over their useful lives, and (iii) miscellaneous expenses associated with our R&D activities.

The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of our revenue, for the years indicated.

	For the year ended December 31,					
	2022		2023		2024	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Staff costs	257,653	21.2	206,279	13.8	156,400	6.0
Depreciation and amortization	6,998	0.6	13,823	0.9	15,748	0.6
Others[(1)]	12,773	1.0	15,338	1.0	35,131	1.3
Total	**277,424**	**22.8**	**235,440**	**15.7**	**207,279**	**8.1**

Note:

(1) Consist primarily of material costs related to research and development activities, testing expenses, outsourced R&D expenses, rental expenses for cloud servers, office expenses, and travel expenses of research and development personnel.

In 2022, 2023 and 2024, our research and development expenses were RMB277.4 million, RMB235.4 million and RMB207.3 million, respectively, accounting for 22.8%, 15.7% and 8.1% of our total revenue, respectively.

Share of Result of an Associate

Our share of result of an associate represents changes in value of our investments in an integrated circuit company accounted for under the equity method. We did not record any share of result of an associate in 2022 and 2023. Our share of loss of an associate was RMB0.7 million in 2024.

[REDACTED] Expenses

Our [**REDACTED**] expenses represent expenses incurred for the preparation of this [**REDACTED**]. We did not record any [**REDACTED**] expenses in 2022 and 2023. Our [**REDACTED**] expenses were RMB[**REDACTED**] in 2024.

Finance Costs

Our finance costs consist primarily of (i) interest expense on bank borrowings, and (ii) interest expense on lease liabilities. In 2022, 2023 and 2024, our finance costs were RMB27.1 million, RMB27.8 million and RMB44.1 million, respectively.

TAXATION

PRC

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the basic tax rate of our Company and our PRC subsidiaries was 25% during the Track Record Period, except for certain subsidiaries entitled to different preferential tax rates.

Our Company and one of our subsidiaries, Shanghai PATEO Network Technology Service Co., Ltd., were qualified as a high and new technology enterprise ("HNTE") in 2020 and renewed our HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. ("PATEO Nanjing") was qualified as a HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. In 2023, PATEO Nanjing was qualified as a software enterprise and was entitled to the two years' exemption from income tax followed by three years of 50% tax reduction commencing from its first profit making year, and no assessable profit was generated during the Track Record Period.

Further, according to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to December 31, 2024, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with relevant tax authorities.

Germany

Under the relevant tax laws and implementation regulations in Germany, the applicable tax rate of our German subsidiaries was 30.7% for the Track Record Period. As we had no assessable profit arising in Germany during the Track Record Period, no provision for Germany profit tax has been made in the consolidated statement of profit or loss and other comprehensive income.

Hong Kong

Under the relevant tax laws and implementation regulations in Hong Kong, the applicable tax rate of our Hong Kong subsidiary was 16.5% for the Track Record Period. As we had no assessable profit arising in Hong Kong during the Track Record Period, no Hong Kong income tax has been made in our Company's consolidated statement of profit or loss and other comprehensive income.

PATH TO PROFITABILITY

Background of Historical Loss-making

We have not been profitable in any financial year since our establishment.

Our revenue increased significantly during the Track Record Period, growing from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, and further to RMB2,557.0 million in 2024. However, despite this robust revenue growth, it has not yet been sufficient to fully offset the various costs and expenses incurred during the Track Record Period. In 2022, 2023 and 2024, we incurred net losses of RMB452.2 million, RMB283.8 million and RMB540.8 million, respectively, and adjusted net losses (non-IFRS measure) of RMB390.5 million, RMB218.4 million and RMB352.4 million for the same periods, respectively. During the Track Record Period, our adjusted net loss margin (non-IFRS measure), representing adjusted net loss as a percentage of revenue, continually narrowed, decreasing from 32.1% in 2022 to 14.6% in 2023, and further to 13.8% in 2024. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures." Our losses during the Track Record Period were primarily due to the following reasons:

- *Limited operating history of smart cockpit solutions.* We began our business in automotive intelligence industry with an initial focus on vehicle connectivity solutions. As the automotive intelligence industry rapidly evolved, we have continuously adapted our product and service offerings in response to industry advancement. We shifted our focus in 2018 to smart cockpit solutions, integrating software, hardware and cloud-based vehicle connectivity. Prior to July 2021, we primarily relied on an electronics contract manufacturer located in Nanjing, Jiangsu Province, for product production. In July 2021, we established our first production facility in Xiamen, Fujian Province. Our limited operating history of designing, developing and producing smart cockpit products has necessitated a ramp-up period to achieve profitability.

- *Significant investments in R&D.* The competitive and complex markets for smart cockpits and intelligent vehicle connectivity services require substantial upfront investments in technology innovation and talent recruitment. We believe that continually enhancing our technological capabilities is critical to improving our products and solutions, establishing and maintaining our market leadership, and increasing revenue and achieving profitability. To seize the industry opportunities and maintain our market-leading position, we have formulated and committed to a strategy of ongoing technology innovation and invested considerable resources in our extensive R&D efforts aimed at fostering continuous iteration in solutions and products. To attract and retain R&D talents capable of driving our technology innovation and product evolution, we have offered competitive benefits and incentives for our R&D personnel. As a result, we incurred R&D expenses of RMB277.4 million, RMB235.4 million and RMB207.3 million in 2022, 2023 and 2024, respectively. In 2022, our R&D investments reached a peak level because we focused on building our technology capabilities and infrastructure in line with our development strategies. Building on our robust technology foundation, we have successfully developed and continually refined our in-house capabilities for smart cockpit solutions integrating software, hardware, cloud-based vehicle connectivity. With a significant portion of foundational R&D work completed in 2022, we shifted our focus toward improving the efficiency of our R&D activities. This resulted in a decrease in R&D expenses in 2023 and 2024 compared to that in the corresponding periods in previous years. Our continual investments in R&D have yielded technology breakthroughs, paving the way for our future profitability.

- *Economies of sale are still materializing.* Although we experienced a rapid growth during the Track Record Period, our business scale has not yet reached the level necessary to fully enjoy cost advantages from economies of scale. Our gross profit and gross profit margin fluctuated during the Track Record Period. Our gross profit increased from RMB171.1 million in 2022 to RMB231.1 million in 2023, and further to RMB301.0 million in 2024. Our gross profit margin was 14.1%, 15.4%, and 11.8% in 2022, 2023 and 2024, respectively. Our gross profit margin was lower than that of certain industry participants with mature production and operations in smart cockpit sector, primarily because we are still in the stage of ramping up our business scale. For example, we incurred significant costs of sales from procurement of chips and hardware components for our smart cockpit products and solutions. Our raw material costs used in our production increased from RMB834.6 million in 2022 to RMB903.0 million in 2023, and further to RMB1,747.3 million in 2024. The increase in our material costs was generally in line with the increasing production and deliveries of our smart cockpit products and solutions. We believe, as our business scale grows, we can have a greater bargaining power with suppliers of raw materials and obtain more favorable pricing and payment terms from them, which will enable us to improve our profitability. In addition, our first production facility only was put into use in July 2021, and the skill level of our manufacturing staff, as well as the factory's operational efficiency, are not yet fully developed. Compared to other established smart cockpit providers, we believe that our operational efficiency of our production facilities still has significant room for improvement. Furthermore, as our business continues to grow, we anticipate realizing the benefits from economies of scale evidenced by a decrease in selling expenses and administrative expenses as a percentage of our total revenue.

- *Moderate pricing approach to gain a larger market share.* According to CIC, the competitive landscape of China's passenger vehicle smart cockpit solutions industry is relatively fragmented. During the Track Record Period, we took a moderate pricing approach and offered competitive prices for our smart cockpit products to attract new customers and retain existing customers, with an aim to develop our revenue scale. In 2022, 2023 and 2024, the average unit price of our mid-end domain controllers was approximately RMB1,703, RMB1,885 and RMB1,965. According to CIC, the industry average unit price for smart cockpit powered by mid-ends SoCs (such as Qualcomm's 8155 processors) ranged from RMB1,500 to RMB2,500 during the Track Record Period.

- *Investment in attracting and retaining talent.* In order to seize the industry opportunities and enhance our market-leading position, we have made efforts to recruitment and retention of talent who possess in-depth industry knowledge and profound managerial experience. As a result, staff costs constituted a significant potion of our administrative expenses and selling expenses. The aggregate amount of staff costs in our administrative expenses and selling expenses were RMB216.8 million, RMB214.9 million and RMB346.5 million in 2022, 2023 and 2024, representing 17.8%, 14.3%, and 13.6% of total revenue in the same periods, respectively.

See "— Major Factors Affecting Our Results of Operations" for more details.

Strategies to Improve Our Performance

We believe that our strong customer base, robust technology and product capabilities, and reliable mass production capacity provide a solid foundation for our sustainable long-term growth. We plan to achieve breakeven and profitability primarily through implementing the following strategies.

Capture Market Opportunity

Driven by the evolving consumer demands, coupled with OEM's accelerating deployment of automotive intelligence, development of software and hardware technology as well as supportive policies and regulations, China's smart cockpit market has been evolving and is expected to continue its expansion. According to CIC, the market size of China's passenger vehicle smart cockpit solutions grew from RMB44.2 billion in 2020 to RMB129.0 billion in 2024, with a CAGR of 30.7%, and is expected to reach RMB299.5 billion in 2029, representing a CAGR of 18.4% from 2024 to 2029. In terms of revenue, the penetration rate of China's smart cockpit solution has increased from 53.4% in 2020 to 82.3% in 2024, and is expected to reach 96.5% in 2029.

As a leading player in the passenger vehicle smart cockpit solution industry, our performance is closely aligned with our industry's upward trend and we believe we are well poised to fully capitalize on this market potential to achieve sustainable growth.

Strengthen Existing Collaborations and Attracting New Customers

Our future growth depends on our ability to maintain and deepen relationships with existing customers. By expanding and enhancing these partnerships, we can deploy our solutions more widely with the increasing production of customers' vehicle models, leading to more mass production contracts and boosting product sales. We have been able to expand our collaboration with existing customers during the Track Record Period. Our customers who collaborated with us in 2022 contributed revenue of RMB1,163.6 million and RMB1,250.2 million in 2023 and 2024, respectively. In 2024, we delivered approximately 1.7 million smart cockpit products, representing a sum of integrated domain controllers with embedded operating systems and cockpit components delivered in connection with our smart cockpit solutions, a 35.3% increase from approximately 1.3 million units in 2023. In 2024, we obtained a total of 41 design wins from our existing OEM customers, including 27 for our smart cockpit solutions and 14 for our intelligent vehicle connectivity solutions.

In addition to maximizing the value of existing customer relationships, we will continue to broaden our downstream customer base and strengthen cooperation with key customers, especially the Chinese OEMs. This effort aims to attract new customers, securing more design wins and increasing product sales. Based on our existing customers in 2022, we successfully started collaboration with 44 and 35 new customers in 2023 and 2024, respectively. We believe we can generate substantial revenue from new key customers. For example, in 2024, we recorded revenue of RMB998.5 million from an OEM customer with whom we started to collaborate in 2023.

Expand Overseas Markets

We plan to expand our business beyond China and bring our solutions to global partners. While most of our revenue currently is generated from China, we have commenced active exploration of overseas markets. On the one hand, with the international expansion of Chinese OEMs, we partner with them to design and deliver products tailored to their overseas vehicle model. For example, in 2020, we established a branch in Indonesia, through which we have explored the marketing opportunities in the local automotive market. Notably, our collaboration with the local branch of a Chinese OEM in Indonesia has led to the successful development of smart cockpit solutions tailored to local needs and driving scenarios. We believe that the increasing international market share of Chinese OEMs provides significant revenue growth potential given our strategic partnerships with them.

On the other hand, we also directly market and sell our products to overseas OEMs, as we aim to collaborate with global OEMs and Tier-1 suppliers to penetrate international markets and enhance our global presence. In 2021, we expanded our global footprint by opening a branch in Germany. Through close cooperation with local OEMs such as a global luxury car manufacturer in Europe we are currently collaborating with, we aim to offer European customers more flexible solutions adapted to market-specific demands. We have achieved one design win from a famous international OEM outside of China.

We will continue supporting domestic OEMs' overseas operations while initiating global projects with international OEMs and deepening our partnerships with Tier-1 suppliers worldwide. As global demand for smart cockpit solutions rises, we can seize these opportunities by expanding our customer engagements worldwide.

Improve Our Gross Profit Margin

Our ability to increase our gross profit margin is crucial to our business success and profitability. We are currently implementing various measures to improve our overall cost-effectiveness and gross profit margin, with a focus on expanding our operations and further enhancing our revenue streams, which is crucial for reducing costs through economies of scale.

Innovate and Refine Our Offerings

We plan to proactively introduce novel, higher-margin solutions to improve profitability. As such, we will continue to allocate resources to foster innovation and develop advanced technologies. This approach allows us to justify pricing level and stand out in the highly competitive market, ensuring long-term profitability.

Manage Costs of Materials and Components Effectively

The main raw materials for manufacturing our smart cockpit solutions include SoCs, other automotive-grade chips, various types of modules, PCBs, software, displays, and other devices for our solutions. The fluctuations in the prices of raw materials and components, as well as other production-related costs, have affected and will continue to affect our profitability. During the Track Record Period, we had witnessed fluctuations in raw material and component prices, especially for the chips, which had influenced our cost of sales.

To secure stable supply and competitive prices, we have a dedicated procurement committee which monitors our overall procurement costs and takes proactive actions to negotiate prices and terms with major chip suppliers. By expanding and diversifying supplier base, along with increasing procurement volume, we have strengthened our bargaining power. Therefore, we are able to secure more favorable prices for materials and components necessary for our production. For example, when our procurement amount of a key chip doubled from the first quarter of 2024 to the fourth quarter of 2024, its average purchase price decreased by more than 5%. Strengthening long-term relationships with existing suppliers further enhances stability of our supply chain. We expect to benefit from an increasingly optimized supply chain, driving greater profitability.

Enhance Production Efficiency

We plan to improve our production efficiency by increasing our in-house production capacities. We utilize a combination of self-owned and leased production lines to optimize production capacity and efficiently meet customer needs at the current stage. Anticipating increased future orders, we have invested significantly in upgrading our production facilities and equipment to boost capacity. In July 2021, we established our first production facility in Xiamen, Fujian Province. We are constructing two new facilities in Liuzhou, Guangxi Zhuang Autonomous Region and Rui'an, Zhejiang Province, which are expected to focus on domain controller production and smart cockpit assembly and commence operations from 2024 to

2025. We have completed the first phase of our Liuzhou production center in May 2024. Our Rui'an production center is expected to commence mass production by the end of 2025. See "Business — Production — Production Facilities."

Beyond capacity expansion, we are optimizing production workflows and increasing automation to improve efficiency and reduce labor costs. By streamlining workflows and integrating production processes, we have significantly reduced idle time and improved resource utilization. For example, we consolidated testing procedures to eliminate redundancies, reducing the number of test operators by one-third. Additionally, through refining testing logic and optimizing testing actions, we increased hourly production output (UPH) by approximately 20%. We have also improved the efficiency of our SMT production lines by optimizing the reconfiguration process. Previously, the average time required for SMT changeovers was four hours. Through process improvements and workflow optimizations, we reduced this to 1.25 hours, with further plans to lower it to 0.5 hours. These enhancements have allowed us to boost production flexibility and responsiveness while reducing labor costs and improving overall production efficiency.

While these investments may lead to short-term capital expenditures, we believe that expanding in-house production, automating key processes, and improving operational efficiency will allow us to achieve long-term cost-effectiveness, enhance supply chain stability, and ultimately improve profitability.

Enhance Inventory Management

We recorded impairment loss on inventories as a result of the decline in the net realizable value of our inventories. During the Track Record Period, our impairment loss on inventories amounted to RMB34.9 million, RMB30.8 million and RMB50.2 million, respectively, accounting for 2.9%, 2.1% and 2.0% of our revenue for the corresponding periods. In 2022, 2023 and 2024, the turnover days of our inventory and contract costs were 135, 138 and 80, respectively.

We had achieved continuous improvement in management of our inventory during the Track Record Period. We have established an inventory management system and an ERP system that monitor our warehousing process. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply management team reviews our inventory aging reports routinely with other responsible teams, such as business operation team and risk management team, and takes necessary actions to minimize risks of obsolescence when required. Only commencing production upon receiving confirmed orders, we effectively monitor the level of finished goods and optimize inventory management.

Enhancing Operating Leverage

During the Track Record Period, we incurred significant operating expenses, including research and development, administrative, and selling expenses, to develop, manage, and promote our smart cockpit solutions. Moving forward, we aim to refine these functions and efficiently manage operational efficiency to support our sustained growth.

- *Selling expenses.* In 2022, 2023 and 2024, our selling expenses were RMB109.7 million, RMB116.8 million and RMB148.9 million, respectively. These expenses as a percentage of revenue decreased from 9.0% in 2022 to 7.8% in 2023 and further to 5.8% in 2024, primarily due to our significant revenue growth, realizing economies of scale, and strong customer relationships. We expect that selling expenses, as a percentage of revenue, will continue to decline. We will leverage our solid customer relationships and communication channels to secure more contracts and acquire customers more cost-effectively.

- *Administrative expenses.* In 2022, 2023 and 2024, our administrative expenses were RMB250.4 million, RMB259.8 million and RMB370.4 million, respectively, representing 20.6%, 17.4% and 14.5% of revenue for the same years, respectively. We will actively monitor our administrative expenses and improve our operational efficiency. We expect the administrative expenses, as a percentage of revenue, to decline.

- *Research and development expenses.* In 2022, 2023 and 2024, our research and development expenses were RMB277.4 million, RMB235.4 million and RMB207.3 million, respectively, representing 22.8%, 15.7% and 8.1% of revenue for the same years, respectively. We believe our investments in research and development have already yielded substantial benefits. The long planning cycles in the automotive industry require significant upfront investments in research and development, which may take years to materialize. Looking ahead, while research and development expenses will remain a notable part of our operating costs to support business expansion, we expect the research and development expenses as a percentage of revenue to decrease over time.

We believe that we can achieve our profitability by expanding revenue scale, improving gross profit margin and enhancing operating leverage. During the Track Record Period, our adjusted net loss (non-IFRS measures) showed a positive trend towards reaching breakeven. Our net operating cash outflow decreased from RMB463.7 million in 2022 to RMB270.6 million in 2023. Our net operating cash outflow increased from RMB270.6 million in 2023 to RMB705.8 million in 2024, primarily due to an increase in trade and other receivables of RMB769.5 million and an increase in bills receivables at FVTOCI of RMB59.8 million. We also fund our business operations with borrowings from commercial banks. As of January 31, 2025, we had unutilized banking facilities of RMB1,693.0 million. Furthermore, we completed Series D Financing in August 2024, and raised net proceeds in an aggregate amount of approximately RMB1,330.8 million. Based on the foregoing, our Directors believe that our business is sustainable. Taking into consideration of financial resources presently available to us, including cash and cash equivalents on hand, internally generated funds and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and at least for the next 12 months from the date of this document.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue from smart cockpit solutions increased by 80.5% from RMB1,352.4 million in 2023 to RMB2,441.4 million in 2024, primarily due to an increase in revenue from sales of domain controllers, which was partially offset by decreases in (i) revenue from sales of cockpit components, and (ii) revenue from R&D services.

- Revenue from sales of domain controllers increased by 149.6% from RMB784.9 million in 2023 to RMB1,959.0 million in 2024, primarily due to increases in both shipment volume and average unit price for domain controllers. The shipment volume of domain controllers increased from approximately 793 thousand in 2023 to approximately 915 thousand in 2024 reflected our collaboration with new customers. The average unit price of our domain controllers increased from RMB990 in 2023 to RMB2,141 in 2024, primarily because we have strategically focused on developing and producing domain controllers equipped with high-end SoCs, which are relatively high-priced and cater to the growing consumer demand for vehicle models with higher intelligence and enhanced cockpit functions.

- Revenue from sales of cockpit components decreased by 24.1% from RMB208.8 million in 2023 to RMB158.5 million in 2024, primarily because the average unit price of these products decreased while the total shipment volume of the products increased. As we produce or procure cockpit components to supplement our domain controllers, the changes in shipment volume and market prices for these products mostly reflect the customers demands for domain controllers equipped with high-end SoC and lower-priced components.

- Revenue from R&D services decreased by 9.7% from RMB358.7 million in 2023 to RMB323.9 million in 2024, primarily due to a decline in the average contract value of our R&D projects in 2024 as compared to 2023.

Intelligent vehicle connectivity solutions

Our revenue from intelligent vehicle connectivity solutions decreased by 9.9% from RMB122.4 million in 2023 to RMB110.2 million in 2024, primarily due to decreases in our revenue from two major OEMs.

Under our agreement with one OEM, we supply smart cockpit domain controllers and provide maintenance services for the OEM's vehicle connectivity platform with a three-year term. Our service fees are based on the number of vehicles equipped with the domain controllers supplied by us which are connected to the OEM's platform. Since a significant portion of domain controllers under this agreement was delivered between 2019 to 2022, the three-year service term for the vehicles equipped with these domain controllers has ended or will end soon, leading to a decrease in our revenue from this OEM. Our revenue from another OEM decreased due to a reduction in both the types of services we provided and the number of active connected vehicles served through our QingCloud platform. This was a result of the OEM transferring its vehicles to its own platform.

The decrease in our revenue from the above-mentioned two OEMs was partially offset by the increased revenue from an OEM customer who entered into a new contract with us for user support services in the second half of 2023. Our revenue from this contract increased in 2024 because we generated revenue for the full year of 2024 compared to that for a half year in 2023.

Other revenue

Our other revenue decreased by 74.5% from RMB21.0 million in 2023 to RMB5.4 million in 2024, primarily because we disposed of a substantial portion of chips in our inventory in 2023 and the amount of chips disposed of significantly decreased in 2024. We do not consider sales of chips as our core business, and we plan to further reduce sales of chips over the next five years.

Cost of Sales

Our cost of sales increased by 78.4% from RMB1,264.7 million in 2023 to RMB2,256.0 million in 2024, because (i) an increase of RMB844.4 million in material costs in line with the growth of our shipment volume of smart cockpit solutions and the increasing number of high-end SoCs being used in new products, and (ii) an increase of RMB107.1 million in our manufacturing costs due to our expanded production scale for smart cockpit products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 30.3% from RMB231.1 million in 2023 to RMB301.0 million in 2024. In contrast, our overall gross profit margin decreased from 15.4% in 2023 to 11.8% in 2024.

Smart cockpit solutions

Our gross profit from smart cockpit solutions increased by 35.3% from RMB203.8 million in 2023 to RMB275.8 million in 2024, while our gross profit margin decreased from 15.1% in 2023 to 11.3% in 2024. The gross profit and gross margin of domain controllers increased in 2024 as we have strategically focused on developing and producing premium smart cockpit solutions equipped with mid-end and high-end SoCs. However, as domain controllers have a relatively low gross margin, our overall gross margin decreased as the revenue contribution from domain controllers increased. Additionally, the gross profit and gross margin of our R&D services decreased in 2024 compared to those in 2023 because we completed a couple of R&D projects with relatively high gross margins in 2023.

Intelligent vehicle connectivity solutions

Our gross profit from intelligent vehicle connectivity solutions decreased by 4.6% from RMB25.5 million in 2023 to RMB24.3 million in 2024, primarily due to the decrease in our revenue from intelligent vehicle connectivity solutions. For details about the decrease in our revenue from this business in 2024, see "— Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Revenue." However, our gross profit margin slightly increased from 20.8% in 2023 to 22.1% in 2024, primarily because we strengthened our cost management and enhanced the operation efficiency for this business.

Other businesses

Our gross profit from other businesses decreased by 36.9% from RMB1.4 million in 2023 to RMB0.9 million in 2024, primarily due to our accelerated disposal of chips in our inventories. The gross profit margin for other businesses increased from 8.3% in 2023 to 16.6% in 2024, primarily because our inventory pressure reduced after our disposal of chips in 2023 and, as a result we could achieve better prices for the chips left in inventory.

Other Income

Our other income increased from RMB30.8 million in 2023 to RMB59.9 million in 2024, primarily driven by an increase of RMB29.7 million in government grants and value-added tax additional deduction, primarily due to securing new grants and the successful verification and acceptance of some government-sponsored research projects.

Impairment Losses under Expected Credit Loss Model (Net of Reversal)

Our impairment losses under expected credit loss model increased from RMB14.2 million in 2023 to RMB149.9 million in 2024, primarily due to the recognition of credit loss for trade receivables from one OEM customer which is experiencing difficulties in its operations. We have stopped our business with this OEM customer. As of December 31, 2024, the outstanding trade receivables from this customer was RMB117.6 million. We filed a lawsuit against this OEM customer in January 2025 to recover the outstanding trade receivables balances from such customer.

Other Gains and Losses

Our other gains decreased by 53.1% from RMB108.4 million in 2023 to RMB50.9 million in 2024. This decrease was primarily attributable to a decrease in gains from changes in fair value of financial assets at FVTPL of RMB46.1 million associated with our equity interest in an intelligent new energy vehicle manufacturer.

Selling Expenses

Our selling expenses increased by 31.3% from RMB116.8 million in 2023 to RMB148.9 million in 2024. This change is primarily attributable to (i) an increase of RMB13.7 million in our staff costs related to our sales personnel as a result of the increased share-based payments and (ii) an increase of RMB7.0 million in our after-sales service expenses, which is in line with the growth in the sales of our domain controllers.

Administrative Expenses

Our administrative expenses increased by 42.6% from RMB259.8 million in 2023 to RMB370.4 million in 2024, primarily because of an increase of RMB110.6 million in the staff costs related to our administrative personnel as a result of increased share-based payments.

Research and Development Expenses

Our research and development expenses decreased by 11.9% from RMB235.4 million in 2023 to RMB207.3 million in 2024, primarily due to a decrease of RMB64.4 million in our staff costs related to our R&D personnel because we continue to implement measures to optimize our research and development team to improve efficiency and to streamline redundant projects and made strategic adjustments to those with uncertain prospects. For the impact on our research and development ability, please see “— Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — Research and Development Expenses.”

Share of result of an associate

We recorded share of loss of an associate of nil in 2023, while this amount was RMB0.7 million in 2024, which was primarily due to a decrease in value of our investments in a integrated circuit company accounted for under the equity method.

[**REDACTED**] *expenses*

We recorded [**REDACTED**] expenses of nil in 2023, while this amount was RMB[**REDACTED**] in 2024, which was primarily due to the expenses we incurred in preparation for this [**REDACTED**].

Finance Costs

Our finance costs increased by 58.6% from RMB27.8 million in 2023 to RMB44.1 million in 2024, primarily due to an increase in interest expense of RMB6.6 million, reflecting an increase in bank borrowings.

Income tax

Our income tax was RMB67 thousand and RMB27 thousand in 2023 and 2024, respectively.

Loss for The Year

As a result of the foregoing, our net loss increased by 90.1% from RMB283.8 million in 2023 to RMB540.8 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 22.8% from RMB1,217.8 million in 2022 to RMB1,495.8 million in 2023, mainly driven by the increase in our revenue from smart cockpit solutions.

Our revenue from smart cockpit solutions increased by 25.4% from RMB1,078.5 million in 2022 to RMB1,352.4 million in 2023, primarily due to increases in revenue from R&D services and revenue from sales of domain controllers, which were offset by a decrease in revenue from cockpit components.

- Revenue from sales of domain controllers increased by 16.4% from RMB674.3 million in 2022 to RMB784.9 million in 2023, primarily due to an increase in shipment volume of domain controllers from approximately 488 thousand in 2022 to 793 thousand in 2023. The increase in shipment volume reflected heightened demand of OEMs for our smart cockpit solutions and our continuous efforts to upgrade our offerings and broaden our customer base. The average unit price of our domain controllers decreased from RMB1,382 in 2022 to RMB990 in 2023, primarily because the prices for domain controllers equipped with low-end SoCs decreased under the intensified market competition and such domain controllers accounted for a substantial portion of our total domain controller shipment volume prior to 2024.

- Revenue from sales of cockpit components decreased by 12.4% from RMB238.3 million in 2022 to RMB208.8 million in 2023, primarily due to our strategic focus on domain controllers as our core products.

- Revenue from R&D services increased by 116.1% from RMB358.7 million in 2022 to RMB323.9 million in 2023, primarily due to more R&D projects we secured.

Intelligent vehicle connectivity solutions

Our revenue increased by 37.0% from RMB89.3 million in 2022 to RMB122.4 million in 2023, primarily because (i) we entered into a new contract with a major OEM to provide it with our user support services in the second half of 2023, and (ii) we collaborated with more vehicle brands in 2023 and further enhanced our service offerings.

Other revenue

Our other revenue decreased by 57.8% from RMB49.9 million in 2022 to RMB21.0 million in 2023, primarily because of a decline in our sales of automotive-grade chips resulting from a more abundant supply in the market in 2023.

Cost of Sales

Our cost of sales increased by 20.8% from RMB1,046.6 million in 2022 to RMB1,264.7 million in 2023, primarily attributable to (i) an increase of RMB79.1 million in manufacturing costs, primarily reflecting increased raw material costs, energy costs, and depreciation in relation to our manufacturing equipment and facilities in line with the growth of shipment volume of smart cockpit solutions, (ii) an increase of RMB70.6 million in staff costs, driven by the expansion of our manufacturing team, and (iii) an increase of RMB68.4 million in material costs in line with the growth of shipment volume of smart cockpit solutions.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 35.0% from RMB171.1 million in 2022 to RMB231.1 million in 2023. Our gross profit margin increased from 14.1% in 2022 to 15.4% in 2023, primarily due to an increase in our gross profit margin for smart cockpit solutions.

- *Smart cockpit solutions.* Our gross profit margin increased from 12.5% in 2022 to 15.1% in 2023, primarily due to the increased gross margin of our R&D services. We conducted R&D projects to develop software for our OEM customers' vehicle models to be exported to overseas markets which are more profitable compared to our R&D services for software on domestic vehicle models. Additionally, another innovative and profitable R&D project to develop smart cockpit solutions involving two SoCs also contributed to the increased gross profit margin of our R&D services. The increased gross margin for R&D services was partially offset by (i) a decrease in the gross margin of domain controllers as the competition intensified, and (ii) a decrease in the gross margin of cockpit components as we focus on domain controllers as our core products.

- *Intelligent vehicle connectivity solutions.* Our gross profit margin increased from 16.9% in 2022 to 20.8% in 2023, mainly because (i) we generated more revenue from major customers as we further enhanced our service offerings, and (ii) we strengthened our cost management and enhanced the operation efficiency for this business.

- *Others.* Our gross profit margin decreased from 41.7% in 2022 to 8.3% in 2023, primarily due to the decreased sales of automotive-grade chips to OEMs as the chip market stabilized in 2023. For detailed reasons for our ability to secure chip supplies in 2022, see "Business — Our Suppliers — Impact of the Global Chip Shortage."

Other Income

Our other income decreased by 34.4% from RMB46.9 million in 2022 to RMB30.8 million in 2023, primarily due to a decrease of RMB13.4 million in government grants primarily because we participated in more government-funded R&D projects in 2022 compared with those in 2023.

Impairment Losses under Expected Credit Loss Model (Net of Reversal)

Our impairment losses under expected credit loss model increased from RMB5.4 million in 2022 to RMB14.2 million in 2023, primarily due to the increase in our provision for trade receivables, which was in line with the expansion in our business scale.

Other Gains and Losses

We recorded other losses of RMB178 thousand in 2022, while we recorded other gains of RMB108.4 million in 2023. This increase was primarily due to gains from changes in fair value of financial assets at FVTPL of RMB111.8 million in 2023 associated with our equity interest in an intelligent new energy vehicle manufacturer.

Selling Expenses

Our selling expenses increased by 6.5% from RMB109.7 million in 2022 to RMB116.8 million in 2023. This change is primarily attributable to (i) an increase of RMB4.1 million in promotion, advertising and travelling expenses attributable to our augmented marketing and promotional endeavors, and (ii) an increase of RMB3.2 million in our after-sale service expense, which was driven by the growth in our shipment volume in 2023. The increase was partially offset by a decrease of RMB1.4 million in staff costs, primarily due to a decrease in equity-settled share-based payments to our sales personnel.

Administrative Expenses

Our administrative expenses increased by 3.8% from RMB250.4 million in 2022 to RMB259.8 million in 2023, primarily due to (i) an increase of RMB4.1 million in business development expenses, which was in line with our business growth, and (ii) an increase of RMB3.3 million in professional service fee in relation to our financing activities. The increase was partially offset by a decrease of RMB3.0 million in office expenses, primarily due to a decrease in our rental expenses as we entered into long-term lease agreements for certain office space and a portion of rental fees we paid were recognized as interest expense on lease liabilities.

Research and Development Expenses

Our research and development expenses decreased by 15.1% from RMB277.4 million in 2022 to RMB235.4 million in 2023, primarily due to a decrease of RMB51.4 million in staff costs, resulting from our measures to improve our research and development efficiency. We streamlined the development of certain R&D projects and refined our R&D team structure by reassigning certain employees and reorganizing team structure to better align our workforce with current business needs. The adjustment to our R&D team neither involved core team members nor affected our key R&D projects or technology capabilities. We believe these measures did not, or would not, have a material negative impact on our R&D ability. The decrease in staff costs was partially offset by an increase of RMB6.8 million in depreciation and amortization expenses, primarily because we entered into a new lease for one R&D center.

Finance Costs

Our finance costs increased by 2.5% from RMB27.1 million in 2022 to RMB27.8 million in 2023, impacted by interest expense on lease liabilities.

Income tax

Our income tax was RMB3 thousand and RMB67 thousand in 2022 and 2023, respectively.

Loss for The Year

As a result of the foregoing, our net loss decreased by 37.2% from RMB452.2 million in 2022 to RMB283.8 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	187,949	312,414	433,229
Deposits for rental	7,705	6,354	13,872
Right-of-use assets	89,405	145,619	167,170
Pledged bank deposits	3,300	–	–
Interest in a joint venture	–	–	9,993
Interests in associates	–	–	102,267
Total non-current assets	**288,359**	**464,387**	**726,531**

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Current assets			
Inventories and contract costs	467,276	488,097	503,915
Trade and other receivables	497,341	690,721	1,435,432
Contract assets	3,221	2,826	8,684
Financial assets at FVTPL	165,281	457,139	487,785
Bills receivables at FVTOCI	171,441	84,263	95,266
Restricted bank deposits	734	51,250	1,424
Pledged bank deposits	105,385	85,030	71,707
Cash and cash equivalents	587,863	257,038	977,006
Total current assets	**1,998,542**	**2,116,364**	**3,581,219**
Total asset	**2,286,901**	**2,580,751**	**4,307,750**
CAPITAL AND RESERVES			
Capital and reserves			
Share capital	117,968	117,968	139,554
Reserves	698,561	480,075	1,405,223
Equity attributable to owners of our Company	816,529	598,043	1,544,777
Non-controlling interests	733	861	1,279
Total equity	**817,262**	**598,904**	**1,546,056**
LIABILITIES			
Non-current liabilities			
Bank borrowings	30,000	169,319	247,292
Lease liabilities	46,762	60,483	59,859
Provision	31,426	33,681	39,181
Deferred income	47,877	2,685	83,593
Total non-current liabilities	**156,065**	**266,168**	**429,925**
Current liabilities			
Bill, trade and other payables	673,535	830,898	891,887
Bank borrowings	560,984	838,539	1,348,159
Lease liabilities	30,291	34,164	57,076
Contract liabilities	48,764	12,078	34,647
Total current liabilities	**1,313,574**	**1,715,679**	**2,331,769**
Total liabilities	**1,469,639**	**1,981,847**	**2,761,694**
Net assets	**817,262**	**598,904**	**1,546,056**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings, (ii) furniture and equipment, (iii) machinery, (iv) leasehold improvements, and (v) construction in progress. The following tables set forth the breakdown of our property, plant and equipment during the Track Record Period.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Buildings	–	11,633	11,048
Furniture and equipment	17,314	49,749	39,780
Machinery	23,263	48,079	75,366
Leasehold improvements	9,794	11,274	19,911
Construction in progress	137,578	191,679	287,124
Total	**187,949**	**312,414**	**433,229**

The net book value of our plant and equipment increased from RMB187.9 million as of December 31, 2022 to RMB312.4 million as of December 31, 2023 and further to RMB433.2 million in 2024, primarily due to an increase of RMB54.1 million in construction in progress in relation to construction of our new production facilities in Liuzhou and Rui'an and expansion of our production facilities in Xiamen.

Right-of-use Assets

Our right-of-use assets represent carrying amounts of leasehold lands and leased properties for our operations and production activities. We had right-of-use assets of RMB89.4 million, RMB145.6 million and RMB167.2 million as of December 31, 2022, 2023 and 2024, respectively. Our right-of-use assets increased during the Track Record Period primarily due to the acquisition of the land use right for a land parcel in connection with building our production facilities in Xiamen, as well as our increased leased office spaces.

Inventories and Contract Costs

Our inventories and contract costs consist of (i) materials and components, and (ii) contract fulfillment cost, representing labor costs and raw material costs related to contract fulfillment, work in progress, finished goods and products under delivery. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Materials and components:			
Finished goods	146,034	159,213	152,141
Chips	107,084	126,767	96,517
Others[(1)]	115,159	134,881	166,916
Subtotal	368,277	420,861	415,574
Contract fulfillment costs[(2)]	98,999	67,236	88,341
Total	**467,276**	**488,097**	**503,915**

Notes:

(1) Consist primarily of electronic components, structural parts, screens, packaging materials, and software.

(2) The costs are directly associated with the contracts for smart cockpit solutions. These costs generate resources that will be used to fulfill the contracts and are expected to be recovered.

Our inventories and contract costs increased by 4.5% from RMB467.3 million as of December 31, 2022 to RMB488.1 million as of December 31, 2023, primarily due to an increase of RMB52.6 million in materials and components as we purchased raw materials for the manufacturing in the next year. Our inventories and contract costs further increased by 3.2% to RMB503.9 million as of December 31, 2024, mainly attributable to an increase of RMB21.1 million in contract fulfillment cost in line with the expansion of our business expansion.

The following table sets forth the number of turnover days for our inventories and contract costs for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Turnover days of inventories and contract costs[(1)]	135	138	80

Note:

(1) The turnover days of our inventory and contract costs for a given year is the average of the opening and ending balances of inventories and contract costs divided by cost of sales for that year and multiplied by the number of days in that year.

The turnover days of our inventory and contract costs remained relatively stable at 135 days and 138 days in 2022 and 2023, respectively. The turnover days of our inventory and contract costs decreased from 138 days in 2023 to 80 days in 2024, primarily due to the significant increase in our sales, leading to improved turnover efficiency of inventories.

The following table sets forth an aging analysis of our inventories and contract costs as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within six months	367,562	326,772	354,205
Six to twelve months	97,618	92,664	42,529
One to two years	4,013	64,635	106,193
More than two years	13	4,026	988
Total	**467,276**	**488,097**	**503,915**

We recorded write-down of inventories of RMB34.9 million and RMB30.8 million in 2022 and 2023, and our write-down of inventories increased from RMB30.8 million in 2023 to RMB50.2 million in 2024. The overall increased write-down of our inventory is mainly due to an increase in our inventory aged more than one year. Our inventory aged more than one year increased from RMB4.0 million as of December 31, 2022 to RMB68.7 million as of December 31, 2023, and further to RMB107.1 million as of December 31, 2024, primarily due to the chips in our inventories that we purchased in 2022 in the chip supply shortage period.

As of January 31, 2025, approximately RMB165.5 million, or 32.8% of our inventories and contract costs as of December 31, 2024 were subsequently consumed or utilized, respectively.

Trade and Other Receivables

Trade Receivables

Our trade receivables mainly represent our receivables due from our customers. Our trade receivables increased from RMB418.7 million as of December 31, 2022 to RMB619.7 million as of December 31, 2023, mainly due to increases in shipment volume of our solutions and products alongside the market trends of automotive intelligence. Our trade receivables further increased to RMB1,125.0 million as of December 31, 2024 primarily due to an increase of RMB131.9 million in our trade receivables due within 91 to 180 days, because we agreed to a settlement arrangement longer than the credit term with one significant customer to promote our collaboration with this client.

The table below sets forth an aging analysis of our trade receivables, net of allowance for credit losses, presented based on invoice dates.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 90 days	378,432	544,987	910,424
91 to 180 days	22,512	43,832	175,670
181 to 365 days	17,069	22,695	21,669
One to two years	666	8,180	17,515
Total	**418,679**	**619,694**	**1,125,002**

We generally grant our customers a credit period ranging from 60 days to 120 days. We seek to maintain strict control over our outstanding trade receivables. Our management regularly reviews the recoverability of overdue balances and, when appropriate, decides the allowance made for impairment loss on such trade receivables. Our sales and marketing personnel closely follow up with our customers on payment status and take prompt actions to collect the trade receivables when they become due. We apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and have been collectively assessed on likelihood of recovery, taking into account the industries in which the customers are operating, their aging category and past collection history.

The following table sets forth the number of turnover days of our trade receivables for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Trade receivables turnover days(1)	91	127	125

Note:

(1) Trade receivables turnover days for a given year is the average of the opening and ending balances of trade receivables, divided by revenue for that year and multiplied by the number of days in that year.

Our trade receivables turnover days increased from 91 days in 2022, to 127 days in 2023, and remained relatively stable at 125 days in 2024. The relatively long trade receivables turnover days in 2023 and 2024 were primarily due to the seasonal fluctuations in demand for our smart cockpit solutions as affected by market trends of the automotive industry. The revenue we recognize in the fourth quarter in each year usually accounts for a higher percentage of the total revenue and had continually increased from RMB466.4 million in 2022 to RMB755.4 million in 2023 and RMB1,063.7 million in 2024. The revenue we recognized in the fourth quarters of 2022, 2023 and 2024 represented 38.3%, 50.5% and 41.6% of the total revenue of each year, respectively. Another reason for our trade receivable turnover days of 125 days in 2024 was that we started mass production and delivery to a major OEM in the first half of 2024. We choose to collaborate with high-quality customers as part of our business expansion strategy, such as renowned OEMs. We may grant some of these customers longer credit terms to pay for our products, which we believe will positively impact and strengthen our business relationships.

Our Directors believe that there is no material recoverability issue with respect to our trade receivables and that we have sufficient provision for impairment in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic evaluation to closely monitor our credit risks and make proper provision for expected impairment, (ii) our stringent internal controls on the management of trade receivables, and (iii) the creditability and track record of settlement from most of our customers. See Note 22 to the Accountant's Report included in Appendix I to this document.

As of January 31, 2025, RMB326.8 million, or 25% of our trade receivables as of December 31, 2024 had been settled.

Other Receivables

Our other receivables primarily consist of (i) prepayment for service, consisting primarily of our prepayment for professional services in relation to our investing and financing activities, (ii) prepayments to suppliers for raw materials, and (iii) other tax recoverable consisting primarily of input value-added tax to be deducted. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Prepayments for service	14,246	11,330	13,944
Prepayments for consumables	4,189	1,429	1,911
Refundable deposits	2,742	2,720	1,742
Advance to staff	1,376	307	516
Prepayments to suppliers	27,331	18,275	83,139
Prepayments for rental expense	1,045	1,485	890
Value-added tax recoverable	24,456	31,223	74,879
Deferred issue costs	–	–	5,194
Prepayments for [**REDACTED**] expenses	–	–	[**REDACTED**]
Receivable for disposal of a financial asset at FVTPL	–	–	120,000
Others	3,885	4,468	5,611
Less: allowance for credit losses	(608)	(210)	(923)
Total	**78,662**	**71,027**	**310,430**

Our other receivables decreased from RMB78.7 million as of December 31, 2022 to RMB71.0 million as of December 31, 2023, mainly due to a decrease of RMB9.1 million in prepayments to suppliers, primarily reflecting that chip prices returned to normal level in 2023. Our other receivables increased from RMB71.0 million as of December 31, 2023 to RMB310.4 million as of December 31, 2024, mainly attributable to (i) the recognition of receivable for disposal of financial assets at FVTPL of RMB120.0 million in 2024, in relation to our disposal of equity interests in a private company, (ii) an increase of RMB64.9 million in prepayments to suppliers in relation to our procurement of materials and components, and (iii) an increase of RMB43.7 million in value-added tax recoverable primarily due to an increase in deductible input tax. Our prepayments for service mainly comprise our prepayment to general partners of a consolidated fund as management fees and advisory service fees in relation to the equity investment in an unlisted entity. The fluctuation of the balance amount of prepayments for service as of the end of each year during the Track Record Period was primarily because we prepaid these management fees in 2022 and amortized the prepayments over the agreed-upon term.

Financial Assets at FVTPL

Our financial assets at FVTPL consist primarily of our investments in equity interests and convertible bonds in certain private companies with an aim to deepening our position in the value chain of the automotive industry. Our financial assets at FVTPL increased from RMB165.3 million as of December 31, 2022 to RMB457.1 million as of December 31, 2023, and further increased to RMB487.8 million as of December 31, 2024. The significant increase in 2023 is primarily due to the fair value change of RMB84.9 million of our investment in an unlisted company attributable to the increase of valuation of such entity as a result of robust operating results and financing activities. The increase in 2024 was mainly attributable to (i) an increase of RMB53.7 million in the fair value of the unlisted equity investment in relation to the same entity mentioned above. Below is a breakdown of our financial assets at FVTPL by type of investment.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Financial assets at FVTPL			
Unlisted equity/fund investments	165,281	364,376	487,785
Unlisted convertible bonds[(1)]	–	92,763	–
Total	**165,281**	**457,139**	**487,785**

Note:

(1) Represents convertible bonds from Investee E in 2023. We are entitled to convert the convertible bond into paid-in capital of the entity after three months of the subscription date. The relevant convertible bonds carried at a fixed annual coupon rate at 10% and are convertible into the shares of the convertible bonds issuer at a pre-determined conversion price in accordance with the relevant agreements, which are measured at fair value. In March 2024, all convertible bonds were converted as the paid-in capital of the private entity at the pre-determined conversion price. In June 2024, we entered into an investment agreement with Investee E to acquire its 0.79% equity interests at an aggregate consideration of RMB20 million.

Below are the details of our investment in certain private companies as of December 31, 2024.

Entity	Principal Business	Starting Year of Investment	Type of Investment	Percentage of Equity Interests
Investee A . . .	A company established in Shenzhen in 2016 with focus on voice interaction technology solutions	2019	Unlisted equity investments	2.4%
Investee B . . .	A company established in 2017 in Huizhou focusing on the development and manufacture of multi-purpose vehicles	2022	Unlisted equity investments	1.9%
Investee C . . .	A company established in 2018 in Suzhou focusing on supply chain and warehouse management	2023	Unlisted equity investments	17.2%
Investee D . . .	A company established in Chongqing focusing on the development and manufacture of new energy vehicles	2022	Unlisted equity investments	0.9%
Investee E . . .	An investment fund acting as the platform for investments in a private company focusing on developing advanced driving assistance system	2023	Investment fund	N/A
Investee F . . .	A company established in Wuxi focusing on the development of hardware and software	2024	Unlisted equity investments	15.2%
Investee G . . .	An investment fund acting as the platform for investments in the new energy, automotive intelligence, and advanced manufacturing industry	2024	Investment fund	20.0%

Our core investment strategy focuses on strengthening our position in the automotive industry. We primarily consider investments in companies in the sectors that are closely related to our principal businesses. We evaluate the investment opportunities prior to making final decisions from several aspects, including the market prospects of the investment project, the growth potential of the industry of the project, existing or potential regulations or restrictions on the project, the resources available to us for the investment, the competitive landscape of the project, and whether the project aligns with our long-term strategy. By adopting a prudent investment approach, we aim to control risks and achieve stable growth in investment value, ensuring consistent returns while minimizing potential losses.

Bills Receivables at Fair Value through Other Comprehensive Income

Our bills receivables represent receivables evidenced by bills issued by licensed banks registered in the PRC. We allow our customers to use banks' acceptance bills to settle their purchases with us. These bills, once received by us, may be discounted to cash with banks prior to their maturity dates subject to the payment of discount interest, or endorsed by us to settle our payables.

Under IFRS 9, certain bills which were held by us for the practice of discounting or endorsing to financial institutions or suppliers before the bills due for payment were classified as bills receivables at fair value through other comprehensive income ("FVTOCI"). We recorded bill receivables at FVTOCI of RMB171.4 million, RMB84.3 million and RMB95.3 million as of December 31, 2022, 2023 and 2024, respectively. The fluctuations mainly reflected changes in our customers' preferences for payment methods.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB587.9 million, RMB257.0 million and RMB977.0 million as of December 31, 2022, 2023 and 2024, respectively. Our cash and cash equivalents consist primarily of demand deposits and short-term deposits for the purpose of meeting our cash commitments.

Liabilities

Bill, Trade and Other Payables

Trade Payables

Our trade payables represent our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. The below table sets forth the breakdown of trade payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade payables	447,017	586,029	603,352
Total	**447,017**	**586,029**	**603,352**

Our trade payables increased from RMB447.0 million as of December 31, 2022 to RMB586.0 million as of December 31, 2023, which was in line with our business growth. This amount decreased to RMB603.4 million as of December 31, 2024, mainly because one of our major SoC suppliers require us to prepay the purchase price before its delivery of SoCs to us.

The following table sets forth an aging analysis of our trade payables presented based on the invoice dates.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 60 days	365,513	531,078	471,894
61 to 120 days	69,775	37,504	98,965
121 to 180 days	8,545	8,147	17,243
181 to 365 days	265	3,449	7,598
One to two years	1,727	2,936	3,105
Two to three years	184	1,723	2,903
Over three years	1,008	1,192	1,644
Total	**447,017**	**586,029**	**603,352**

The following table sets forth our trade payables turnover days for the years indicated.

	For the year ended December 31,		
	2022	2023	2024
Trade payables turnover days[(1)]	125	149	96

Note:

(1) Trade payables turnover days for a given year is the average of the opening and ending balances of trade payables, divided by cost of sales for that year and multiplied by the number of days in that year.

Our trade payable turnover days fluctuated from 125 days in 2022 to 149 days in 2023. The fluctuation in our trade payable turnover days was primarily due to the tight supply of automotive-grade chips in 2022. To ensure smooth procurement channels and the successful delivery of our products and solutions, we strategically expedited the settlement of trade payable with our suppliers for automotive-grade chips. As the chip supply normalized in 2023, our trade payable turnover days also returned to its previous levels. Our trade payable turnover days decreased to 96 days as of December 31, 2024, mainly attributable to our active settlement policy, which lead to our trade payables not increasing proportionally with our cost of sales.

As of January 31, 2025, RMB131.6 million, or 22% of our trade and bills payables as of December 31, 2024 had been settled.

Other payables

Our other payables consist primarily of (i) refundable government grants, consisting of economic incentives that we received from certain local governments but may not meet the specific criteria for such incentives, (ii) payroll payables, (iii) value added tax and other, (iv) payables for property, plant and equipment, and (v) payables for acquisition of equity instrument at FVTOCI in connection with our payment obligations for our equity investments. The below table sets forth the breakdown of other payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Payroll payables	67,555	61,613	72,876
Value added tax and other tax payables	24,899	6,896	7,941
[**REDACTED**] expenses and issue costs payable	–	–	[**REDACTED**]
Payables for property, plant and equipment	7,344	12,041	11,207
Payables for acquisition of equity instrument at FVTOCI	24,365	–	–
Refundable government grants	75,000	117,592	117,592
Accruals	22,866	34,369	49,391
Others	4,489	12,358	24,231
Total	**226,518**	**244,869**	**288,535**

Our other payables increased from RMB226.5 million as of December 31, 2022 to RMB244.9 million as of December 31, 2023, primarily due to (i) an increase of RMB42.6 million in refundable government grants, and (ii) an increase of RMB11.5 million in accruals in relation to our accrued selling expenses and administrative expenses. These increases were partly offset by (i) a decrease of RMB24.4 million in payables for acquisition of equity instrument at FVTOCI as we settled our payment obligations for our equity investments in 2023, and (ii) a decrease in value-added tax and other tax payables of RMB18.0 million.

Our other payables increased from RMB244.9 million as of December 31, 2023 to RMB288.5 million as of December 31, 2024, mainly attributable to (i) an increase of RMB15.0 million in accruals in relation to our after-sale service fees, and (ii) an increase of RMB[**REDACTED**] in [**REDACTED**] expenses and issue costs payable in relation to service fees incurred for this proposed [**REDACTED**] and [**REDACTED**].

The refundable government grants are related to the economic incentives that we received from three municipal governments in China. As we have established subsidiaries in the regions administered by these governments to conduct R&D, design, and manufacturing of smart cockpit and intelligent vehicle solutions, these governments have agreed to provide economic incentives and subsidies to support our operations and investments in these three cities. This support is conditioned upon meeting certain committed targets, including revenue and total value of our products and services generated, among others, in these regions during the designated periods. Under the respective agreements that we entered into with these three municipal governments, failure to meet the committed targets will entitle the governments to request the refund of the disbursed economic incentives and subsidies.

During the Track Record Period, we established subsidiaries which operate production facilities or research centers in the specified locations as provided in the agreements with the three municipal governments. However, due to unexpected delays in the commencement of production at certain production facilities and a longer-than-expected ramp-up period primarily driven by macroeconomic conditions, these subsidiaries have not yet met the committed targets set forth in the respective agreements with the local governments. As a result, we recognized the economic incentives and subsidies received as refundable government grants under other payables in our liabilities.

One municipal government entered into a new agreement with us in March 2025. Under this new agreement, the parties acknowledged (i) our subsidiary which received the government grants was released from its obligations under the original agreements, (ii) there has been no dispute or disagreement between the parties, and (iii) there are no existing or potential debt claims and obligation between the parties; and (iv) our subsidiary will continue its operations in the industrial park of the specific city. As of the Latest Practicable Date, we had not received any notice or request from the other two municipal governments requiring us to repay the economic incentives and subsidies received. The agreements with the other two municipal governments expire at the end of 2025. We are currently discussing with the other two governments to set forth new cooperation terms. Given that we have successfully built and maintained our facilities and subsidiaries in these regions, we expect to reach mutually agreeable terms with these municipal governments regarding the incentives and subsidies previously provided. If any of the two municipal governments requests us to repay the refundable government grants, we will use the financial resources available, including cash and cash equivalent on hand, internally generated funds and proceeds from financing activities to repay these government grants.

Contract Liabilities

Our contract liabilities represent the advance payments from customers for our smart cockpit solutions and intelligent vehicle connectivity solutions. We recorded contract liabilities of RMB48.8 million, RMB12.1 million and RMB34.6 million as of December 31, 2022, 2023 and 2024, respectively. The changes were primarily due to the amortization of contract liabilities associated with research and development projects.

Current Assets and Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of January 31,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Current assets				
Inventories and contract costs	467,276	488,097	503,915	522,770
Trade and other receivables	497,341	690,721	1,435,432	1,318,629
Contract assets	3,221	2,826	8,684	8,649
Financial assets at FVTPL	165,281	457,139	487,785	487,785
Bills receivables at FVTOCI	171,441	84,263	95,266	149,541
Restricted bank deposits	734	51,250	1,424	1,424
Pledged bank deposits	105,385	85,030	71,707	23,869
Cash and cash equivalents	587,863	257,038	977,006	994,489
Total current assets	**1,998,542**	**2,116,364**	**3,581,219**	**3,507,156**
Current liabilities				
Bill, trade and other payables	673,535	830,898	891,887	828,508
Bank borrowings	560,984	838,539	1,348,159	1,398,159
Lease liabilities	30,291	34,164	57,076	38,035
Contract liabilities	48,764	12,078	34,647	34,041
Total current liabilities	**1,313,574**	**1,715,679**	**2,331,769**	**2,298,743**
Net current assets	**684,968**	**400,685**	**1,249,450**	**1,208,413**

We recorded net current assets of RMB1,208.4 million as of January 31, 2025, as compared to net current assets of RMB1,249.5 million as of December 31, 2024, primarily due to (i) a decrease of RMB116.8 million in trade and other receivables, and (ii) an increase of RMB50.0 million in short-term loan, partially offset by a decrease of RMB63.4 million in bills, trade and other payable.

We recorded net current assets of RMB1,249.5 million as of December 31, 2024, as compared to net current assets of RMB400.7 million as of December 31, 2023, primarily due to (i) an increase of RMB744.7 million in trade and other receivables which was in line with our business growth, (ii) an increase of RMB720.0 million in cash and cash equivalents, and (iii) an increase of RMB15.8 million in inventories and contract costs. The increase in current assets was partially offset by an increase of RMB509.6 million in bank borrowings.

Our net current assets decreased by RMB284.3 million to RMB400.7 million as of December 31, 2023 from RMB685.0 million as of December 31, 2022, primarily due to (i) a decrease of RMB330.8 million in cash and cash equivalents as a result of our continual growth, (ii) an increase of RMB277.6 million in bank borrowings to support our business growth, and (iii) an increase of RMB157.4 million in bill, trade and other payables primarily due to increases in trade payables and bill payables as a result of our increased business scale. These were partially offset by an increase of RMB291.9 million in financial assets at FVTPL in connection with our investments in equity interests and convertible bonds of certain private companies in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we had financed our operations primarily through cash generated from our operating activities and financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the [**REDACTED**] received from the [**REDACTED**], and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. Our cash and cash equivalents were RMB587.9 million, RMB257.0 million, and RMB977.0 million and RMB994.5 million as of December 31, 2022, 2023, and 2024 and January 31, 2025, respectively.

Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for years indicated.

	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(463,725)	(270,571)	(705,789)
Net cash used in investing activities	(378,129)	(410,990)	(315,298)
Net cash from financing activities	1,341,641	350,760	1,741,065
Net increase (decrease) in cash and cash equivalents	**499,787**	**(330,801)**	**719,978**
Cash and cash equivalents at the beginning of the year	88,018	587,863	257,038
Effects of change in foreign exchange rate	58	(24)	(10)
Cash and cash equivalents at the end of the year	**587,863**	**257,038**	**977,006**

Operating Activities

We had net cash used in operating activities of RMB705.8 million in 2024, primarily due to a loss before tax of RMB540.8 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment of RMB157.2 million, gains from changes in fair value of financial assets at FVTPL of RMB65.6 million, write-down of inventories of RMB50.2 million, depreciation of right-of-use assets of RMB44.5 million and finance costs of RMB44.1 million, and (ii) changes in working capital, which consisted primarily of increase in trade and other receivables of RMB769.5 million and increase in inventories and contract costs of RMB51.0 million.

We had net cash used in operating activities of RMB270.6 million in 2023, primarily due to a loss before tax of RMB283.7 million, as adjusted by (i) certain non-cash items, primarily comprising gains from changes in fair value of financial assets at FVTPL of RMB111.8 million, equity-settled share-based payment of RMB65.4 million, and depreciation of property, plant and equipment ("PP&E") and right-of-use assets of RMB60.4 million, and (ii) changes in working capital, which consisted primarily of an increase in trade and other receivables of RMB207.6 million, partially offset by an increase in bill, trade and other payables of RMB105.0 million and a decrease in bills receivables at FVTOCI of RMB110.0 million.

We had net cash used in operating activities of RMB463.7 million in 2022, primarily due to a loss before tax of RMB452.2 million, as adjusted by (i) certain non-cash items, primarily comprising equity-settled share-based payment of RMB61.6 million, depreciation of PP&E and right-of-use assets of RMB45.4 million, and finance costs of RMB27.1 million, and (ii) changes in working capital, which consisted primarily of an increase in inventories and contract costs of RMB191.6 million, an increase in trade and other receivables of RMB248.5 million, partially offset by an increase in bill, trade and other payables of RMB224.3 million.

Despite our net operating cash outflow during each year of the Track Record Period, we have formulated a detailed and actionable plan to improve our cash flow position:

- ***Collecting trade receivables***. We plan to continuously implement various rigorous measures to strengthen our trade receivables collection. We witnessed good collection outcome during the Track Record Period. As of January 31, 2025, we had collected our trade receivables of RMB420.5 million, RMB609.9 million and RMB326.8 million of our trade receivables as of December 31, 2022, 2023 and 2024, respectively, accounting for 96.4%, 93.7% and 25.2% of total trade receivables at the respective dates, respectively.

- ***Optimizing payment schedules***. We plan to optimize our payment schedules by aligning the timing of payments to suppliers with the collection of revenue from our customers, to minimize cash gaps and maintain a healthy cash reserve. We will regularly review and analyze cash flow data to identify mismatches between payment and collection cycles.

- ***Decreasing operating expenses***. We plan to decrease our overall operating expenses by (i) better managing promotion and marketing, advertising, and travel expenses; (ii) enhancing our overall quality control to reduce the occurrence of defective products and thus reduce our after-sales service expenses; and (iii) enhancing the efficiency by optimizing employee structure.

Investing Activities

We had net cash used in investing activities of RMB315.3 million in 2024, primarily due to purchase of PP&E of RMB161.9 million and payments for pledged bank deposits of RMB91.4 million, which were partially offset by withdrawal of pledged bank deposits of RMB104.7 million.

We had net cash used in investing activities of RMB411.0 million in 2023, primarily due to purchase of financial assets at FVTPL of RMB182.1 million and purchase of PP&E of RMB150.4 million.

We had net cash used in investing activities of RMB378.1 million in 2022, primarily due to purchase of financial assets at FVTPL of RMB158.0 million, and purchase of PP&E of RMB157.2 million.

Financing Activities

We had net cash from financing activities of RMB1,741.1 million in 2024, primarily due to proceeds from issuance of ordinary shares of RMB1,330.8 million.

We had net cash from financing activities of RMB350.8 million in 2023, primarily due to proceeds of RMB1,072.8 million from bank borrowings raised, which was partially offset by repayment of bank borrowings of RMB652.8 million.

We had net cash from financing activities of RMB1,341.6 million in 2022, primarily due to proceeds from issuance of ordinary shares of RMB1,345.4 million and proceeds of RMB711.9 million from bank borrowings raised, which were partially offset by repayment of bank borrowings of RMB674.2 million.

Working Capital

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) purchases of property, plant and equipment, and (iii) repayment of lease liabilities. Our historical monthly average cash burn rate was RMB53.3 million, RMB38.9 million and RMB74.3 million in 2022, 2023 and 2024, respectively.

Historically, our business requires a substantial amount of cash, which is mainly due to our significant upfront investments. Smart cockpits and intelligent vehicle connectivity solutions require substantial upfront investments in multiple areas such as technology development, talent recruitment, and customer engagement. Our strategy of ongoing technology innovation necessitates considerable resources to fund our extensive research and development efforts. We also offered competitive benefits and incentives to talents capable of driving innovation and evolution. When our technology capabilities have been well established, we continued to engage more customers and deepen our business relationship with them through customization of our solutions to adapt to various vehicle models. This also demands significant early-stage investments that increased our cash utilization.

Taking into consideration of financial resources presently available to us, including cash and cash equivalents on hand, internally generated funds and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and at least for the next 12 months from the date of this document.

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated.

	As of December 31,			As of January 31,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			*(unaudited)*
Current				
Bank borrowings	560,984	838,539	1,348,159	1,398,159
Lease liabilities	30,291	34,164	57,076	38,035
Payables for acquisition of equity instrument at FVTOCI	24,365	–	–	–
Refundable government grants	75,000	117,592	117,592	117,592
Non-current				
Bank borrowings	30,000	169,319	247,292	258,826
Lease liabilities	46,762	60,483	59,859	59,493
Total	**767,402**	**1,220,097**	**1,829,978**	**1,872,105**

Lease Liabilities

Our lease liabilities primarily comprise leases of offices and production facilities. As of December 31, 2022, 2023, and 2024 and January 31, 2025, we had a total of current and non-current lease liabilities of RMB77.1 million, RMB94.6 million, RMB116.9 million and RMB97.5 million, respectively. The fluctuations in our lease liabilities during the Track Record Period were attributable to our lease of offices and production facilities to support our business expansion and the expiration of such leases.

Bank Borrowings

As of December 31, 2024, we obtained financing from banks with effective fixed interest rate from 3.00% to 3.80% per annum and effective variable interest rates ranging from LPR to LPR+0.35% per annum. As of December 31, 2022, 2023 and 2024, and January 31, 2025, we had a total of bank borrowings of RMB591.0 million, RMB1,007.9 million, RMB1,595.5 million and RMB1,657.0 million, respectively. Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion, including the construction of our production facilities, during the Track Record Period.

As of January 31, 2025, we had unutilized banking facilities of RMB1,693.0 million.

Payables for Acquisition of Equity Instrument at FVTOCI

As of December 31, 2022, we had payables for acquisition of equity instrument at FVTOCI in connection with our payment obligations for our equity investments in an amount of RMB24.4 million. As of December 31, 2023 and 2024 and January 31, 2025, payables for acquisition of equity instrument at FVTOCI were nil, nil and nil as we settled our payment obligations for our equity investments in 2023.

Refundable Government Grants

As of December 31, 2022, 2023, and 2024 and January 31, 2025, we had refundable government grants of RMB75.0 million, RMB117.6 million, RMB117.6 million and RMB117.6 million, respectively, consisting of economic incentives that we received from certain local governments but may not meet the criteria for such incentives. Refundable government grants are interest-free, unsecured, unguaranteed and have no fixed terms of repayment or covenant.

Indebtedness Statement

Except as disclosed above, as of January 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, loans, other issued debt securities, borrowings, bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not have any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that (i) we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date, and (ii) there has not been any material change in our indebtedness since January 31, 2025 and up to the date of this document. As of January 31, 2025, we did not have plans for other material external debt financing.

CONTINGENT LIABILITIES

During the Track Record Period, we failed to make full contributions of social insurance and housing provident fund for certain employees in accordance with the relevant PRC laws and regulations. Based on the actual salaries of our employees, the shortfall of social insurance and housing provident fund contributions amounted to approximately RMB1.6 million, RMB1.3 million and RMB1.0 million for the year ended December 31, 2022, 2023 and 2024, respectively, and we have made provision for such shortfall in the respective years. Our management has, taking into account the relevant facts, circumstances and legal advice, considered that it is not probable for our Company to be fined by the competent governmental authorities for such shortfall in social insurance and housing provident fund contributions. As a result, no provision for penalties has been made as of each reporting date and during the Track Record Period.

Except as disclosed above, as of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since January 31, 2025.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of purchases of property, plant and equipment and purchase of right-of-use assets. Our capital expenditures amounted to RMB177.5 million, RMB182.9 million and RMB175.6 million in 2022, 2023 and 2024, respectively. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and our operating cash flows.

CAPITAL COMMITMENTS

Our capital commitments are mainly related to purchase of property, plant and equipment. As of December 31, 2022, 2023 and 2024, we had RMB5.3 million, RMB386.0 million and RMB411.2 million of capital expenditures contracted for but not yet recognized, respectively, arising from construction and renovation of production facilities and purchase of equipment.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the years indicated.

	For the year ended/As of December 31,		
	2022	2023	2024
Year-to-year revenue growth	41.0%	22.8%	70.9%
Gross profit margin(1)	14.1%	15.4%	11.8%
Adjusted net loss margin (non-IFRS measure)(2)	(32.1%)	(14.6%)	(13.8%)
Adjusted EBITDA margin (non-IFRS measure)(3)	(26.1%)	(8.5%)	(8.4%)
Current ratio(4)	1.5	1.2	1.5
Quick ratio(5)	1.2	0.9	1.3

Notes:

(1) Calculated by dividing gross profit for the year by revenue for the year multiplied by 100%.

(2) Calculated by dividing adjusted net loss (non-IFRS measure) by revenue for the year multiplied by 100%. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures."

(3) Calculated by dividing adjusted EBITDA (non-IFRS measure) by revenue for the year multiplied by 100%. See "— Description of Major Comprehensive Income Line Items — Non-IFRS Measures."

(4) Calculated by dividing total current assets by total current liabilities as of the end of the year.

(5) Calculated by dividing total current assets minus inventory by total current liabilities as of the end of the year.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 23 to the Accountants' Report included in Appendix I to this document.

Our Directors are of the view that each of the material related party transactions set out in Note 23 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become not reflective of our future performance.

FINANCIAL RISKS

Our activities are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects on our financial performance. Our senior management is responsible for the risk management.

Market Risk

Currency Risk

We collect most of our revenue in RMB and most of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of our relevant subsidiaries. Our exposure to foreign currency risk arises mainly from certain bank balances and certain trade payables which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, we did not have any other monetary assets or liabilities denominated in foreign currencies as of December 31, 2023. For details about our currency risk, see Note 36 to the Accountants' Report included in Appendix I to this document.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to pledged or restricted bank deposits, fixed-rate bank borrowings and lease liabilities and cash flow interest risk in relation to variable-rate bank borrowings and cash and cash equivalents. We currently do not have an interest rate hedging policy. Our management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arise. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Our management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

We consider that the exposure of cash flow interest rate risk arising from fair value interest risk bank balances and pledged bank deposits is insignificant because the current market interest rates are relatively low and stable.

Other Price Risk

We are exposed to equity price risk through our investments in both unlisted equity investments and unlisted convertible bonds measured at FVTPL. The equity price risk of these financial assets may arise due to changes in market price. The change may be caused by factors relating to the financial instrument itself or the issuer, and it may also be caused by market factors.

To manage our equity price risk arising from those investments, our management establish relevant internal control systems for the flow of investment project research, project approval. Our management regularly reviews the portfolio structure, taking into account the risks that we can afford to take and the liquidity we require, with a view to achieving long-term investment return.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, contract assets, deposits for rental, bills receivables at FVTOCI, pledged or restricted bank deposits and cash and cash equivalents. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Trade Receivables and Contract Assets

In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, our management considers that our credit risk is significantly reduced.

Our concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of all trade receivables and contract assets as of December 31, 2022, 2023 and 2024. We have concentration of credit risk as 37%, 33% and 46% of the total trade receivables and contract assets was due from our largest customer as of December 31, 2022, 2023 and 2024, respectively. We have concentration of credit risk as 82%, 66% and 71% of the total trade receivables and contract assets were due from our five largest customers as of December 31, 2022, 2023 and 2024, respectively.

In addition, we perform impairment assessment under expected credit loss model on all trade receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. For the year ended December 31, 2022, 2023 and 2024, we recognised credit loss of approximately RMB5.0 million, RMB14.4 million and RMB31.6 million for trade receivables and contract assets, based on collective assessment, and no credit loss recognised for the years ended December 31, 2022 and 2023, and recognised credit loss of approximately RMB117.6 million under individual assessment for the year ended December 31, 2024.

Other Receivables (including Deposits for Rental, Amount due from a Related Party — Non-trade Nature and Amounts due from Subsidiaries — Non-trade Nature)

For other receivables, our management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

Our management believes that there was no significant increase in credit risk of these amounts since initial recognition and we provided impairment based on 12-month expected credit losses. For the years ended December 31, 2022, 2023 and 2024, we provided credit loss allowance of approximately RMB367 thousand, reversed approximately RMB224 thousand and provided approximately RMB713 thousand.

Pledged or Restricted Bank Deposits and Cash and Cash Equivalents

The credit risk on pledged or restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The 12-month expected credit losses on pledged or restricted bank deposits and bank balances are considered to be insignificant and therefore no loss allowance was recognized.

For details about our credit risk and impairment assessment, see Note 36 to the Accountants' Report included in Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

For details about our remaining contractual maturity for our financial liabilities and lease liabilities, see Note 36 to the Accountants' Report included in Appendix I to this document.

DIVIDEND

During the Track Record Period, we did not declare or distribute any dividend. Pursuant to our Articles of Association, subject to the approval of our Board and Shareholders, we may distribute dividends to our Shareholders when we have distributable profits and after ensuring sufficient working capital for the Company and making required statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**], professional fees, and other fees in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), accounting for [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. The estimated total [**REDACTED**] expenses consist of (i) sponsor and [**REDACTED**] expenses (including but not limited to [**REDACTED**]) of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and (ii) non-[**REDACTED**] expenses of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]), and other fees and expenses of approximately RMB[**REDACTED**] (approximately HK$ [**REDACTED**]).

In 2022 and 2023, we incurred [**REDACTED**] expenses for the [**REDACTED**] of nil. In 2024, we incurred [**REDACTED**] expenses of RMB[**REDACTED**], which was charged to the consolidated statements of profit or loss. We expect to incur additional [**REDACTED**] expenses, (i) approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]) of which is expected to be charged in profit or loss subsequent to the Track Record Period, and (ii) approximately RMB[**REDACTED**] (approximately HK$[**REDACTED**]) of which is expected to be directly attributable to the issue of [**REDACTED**] and will be recognized as a deduction in equity directly upon the [**REDACTED**]. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

[**REDACTED**]

[**REDACTED**]

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix I to this document, and up to the date of this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Growth Strategies" for a detailed description of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expanding our portfolio of products and solutions and enhancing our technology, further strengthening our comprehensive in-house capabilities spanning software, hardware, and cloud-based vehicle connectivity. Specifically, we will (i) continue to invest in the ongoing development and upgrade of our core products and solutions, including our smart cockpit solutions and automotive-grade operating systems, and (ii) develop and commercialize new products and solutions based on market trends and customization requirements. The new products and solutions we plan to develop include:

  (i) We plan to develop integrated solutions that combine smart cockpit and intelligent driving technologies. With advancements in SOC computing power and functional safety, alongside faster data transfer speeds and increased bandwidth, it is now feasible to virtualize multiple operating systems within a single SOC. This allows for the simultaneous operation of both cockpit and intelligent driving applications. Additionally, we plan to support the use of external acceleration chips to fully utilize computing power. This approach not only reduces the cost of mid-to-low-end intelligent driving solutions but also enhances the user experience and the overall competitiveness of the vehicle.

  (ii) We will continue to advance our smart cockpit solutions in line with SparkLink's wireless communication standards. Our strategy includes close collaboration with OEMs to develop vehicle-wide E/E architectures based on SparkLink standards.

(iii) We plan to develop computing models that integrate smart cockpits with cloud technologies. By combining the robust computing capabilities of cloud-based LLMs with the real-time response and interaction capabilities of localized models within smart cockpits, our solutions aim to deliver enhanced cloud-cockpit collaboration, multi-modal interaction, continuous learning and optimization, and strong data security and privacy protection.

To accomplish these goals, we will invest in maintaining and strengthening our R&D team dedicated to product development and innovation.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be allocated to enhance our production, testing, and validation capabilities. We aim to invest in constructing new production facilities or upgrading existing ones to further support our business expansion.

  When assessing potential production sites, we will consider a variety of factors, including: (i) proximity to OEMs customers to streamline production and supply processes; (ii) proximity to key suppliers for efficient logistics and collaboration; (iii) favorable local government policies and industrial upgrade initiatives; (iv) access to a skilled workforce for enhanced productivity and innovation; (v) regional infrastructure and transportation networks; and (vi) complementing the coverage of our existing production sites. Capital expenditures related to new facility construction include equipment purchases for production lines, land expenses, and factory construction costs. Our current plan is to finalize the site selection for new production facilities and begin construction in the first half of 2025. We aim to complete construction in the second half of 2026. This schedule is subject to various uncertainties, including obtaining relevant regulatory approvals.

  We believe that establishing production facilities across different regions of China serves the following business goals:

  (i) *Proximity to customers and consumers:* Major OEMs are spread throughout China, with concentrated industry clusters in the eastern, southern and northern regions. By setting up production facilities in different areas, we can be closer to key customers and consumers, effectively reducing logistics time and costs, enhancing supply chain responsiveness and flexibility, and meeting customers' needs promptly.

  (ii) *Enhancing supply chain efficiency:* Different regions in China have varying policies, regulations and labor costs. Building production facilities in various locations allows us to optimize supply chain efficiency based on local resources.

(iii) Reducing operational risks: In the event of a natural disaster or supply chain disruption in one region, production facilities in other regions can continue production, ensuring business continuity.

We may also upgrade and renovate our equipment and technological systems in existing production facilities to increase automation, improve efficiency, and reduce costs. Additionally, we intend to enhance our quality control measures throughout the production process to ensure high-quality product delivery to customers.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to expand our sales and services network and to raise our brand awareness. Specifically:

  (i) We aim to strengthen our sales and marketing capabilities by enhancing our team and expanding our reach. This includes (i) recruiting additional high-quality sales personnel; (ii) strengthening the training and support system for our sales team; and (iii) investing in sales and marketing efforts to deepen relationships with existing customers and expand our customer base. Specifically, we will actively pursue opportunities to attract overseas customers and increase brand visibility, in line with our international expansion strategy. We intend to onboard sales specialists with a strong understanding of international markets.

  (ii) We plan to further improve our sales and customer service processes to improve customer satisfaction and foster loyalty. This involves strengthening our after-sales services, including testing and analysis of our products for which customers have submitted warranty claims, technical assistance and product training, to improve the overall customer experience. Specifically, we will (i) improve our standardized customer service procedures; (ii) enhance the training programs for our customer support team; and (iii) invest in software and tools to increase efficiency.

  (iii) We intend to enhance our brand awareness and promote our products and services by participating in industry conferences and trade shows both domestically and internationally.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for strategic acquisitions aimed at further integrating industry resources. Our potential acquisition targets include (i) suppliers for leading Chinese OEMs and major international OEMs with distinct competitive advantages, and (ii) companies with strong R&D capabilities in automotive-grade software, SoC solutions and other technologies related to our core offerings. According to CIC, there are adequate acquisition targets meeting our criteria in the market. As of the Latest Practicable Date, we have not negotiated with any specific acquisition targets nor identified any such targets.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be allocated to working capital and general corporate purposes.

If the [**REDACTED**] from the [**REDACTED**] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If the [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those [**REDACTED**] into short-term interest-bearing bank accounts at licensed commercial banks or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in the PRC).

If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**]. The above allocation of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document.

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The following is the text of a report set out on pages I-1 to I-71, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PATEO CONNECT TECHNOLOGY (SHANGHAI) CORPORATION, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GUOTAI JUNAN CAPITAL LIMITED, CMB INTERNATIONAL CAPITAL LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of PATEO CONNECT Technology (Shanghai) Corporation* ("博泰車聯網科技(上海)股份有限公司") (previously known as Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd.* (上海博泰悦臻電子設備製造有限公司) prior to December 2, 2021) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-4 to I-71, which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 (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-71 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date 1] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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.

* English name for identification purpose only.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2022, 2023 and 2024, of the Company's financial position as at December 31, 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date 1]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	6	1,217,757	1,495,817	2,557,003
Cost of sales		(1,046,635)	(1,264,729)	(2,256,001)
Gross profit		171,122	231,088	301,002
Other income	7	46,949	30,820	59,884
Impairment losses under expected credit loss model, net of reversal	10	(5,400)	(14,170)	(149,945)
Other gains and losses	8	(178)	108,431	50,853
Selling expenses		(109,709)	(116,838)	(148,891)
Administrative expenses		(250,397)	(259,797)	(370,379)
Research and development expenses		(277,424)	(235,440)	(207,279)
Share of result of associates		–	–	(733)
Share of result of a joint venture		–	–	(10)
[**REDACTED**] expenses		–	–	[REDACTED]
Finance costs	9	(27,113)	(27,788)	(44,074)
Loss before tax	12	(452,150)	(283,694)	(540,793)
Income tax	11	(3)	(67)	(27)
Loss for the year		(452,153)	(283,761)	(540,820)
Other comprehensive income (expense)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		56	42	(7)
		56	42	(7)
Item that will not be reclassified to profit or loss:				
Fair value gains or losses on equity instrument at fair value through other comprehensive income ("FVTOCI")		(32,689)	–	–
		(32,689)	–	–
Other comprehensive (expense) income for the year		(32,633)	42	(7)
Total comprehensive expense for the year		(484,786)	(283,719)	(540,827)
(Loss) profit attributable to:				
– Owners of the Company		(452,095)	(283,891)	(541,238)
– Non-controlling interests		(58)	130	418
		(452,153)	(283,761)	(540,820)
Total comprehensive (expense) income attributable to:				
– Owners of the Company		(484,728)	(283,849)	(541,245)
– Non-controlling interests		(58)	130	418
		(484,786)	(283,719)	(540,827)
Loss per share				
– Basic (RMB yuan)	15	(4.28)	(2.41)	(4.11)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	NOTES	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	187,949	312,414	433,229
Deposits for rental		7,705	6,354	13,872
Right-of-use assets	17	89,405	145,619	167,170
Pledged bank deposits	27	3,300	–	–
Interest in a joint venture		–	–	9,993
Interests in associates	20	–	–	102,267
		288,359	464,387	726,531
Current assets				
Inventories and contract costs	21	467,276	488,097	503,915
Trade and other receivables	22	497,341	690,721	1,435,432
Contract assets	24	3,221	2,826	8,684
Financial assets at fair value through profit or loss ("FVTPL")	25	165,281	457,139	487,785
Bills receivables at FVTOCI	26	171,441	84,263	95,266
Restricted bank deposits	27	734	51,250	1,424
Pledged bank deposits	27	105,385	85,030	71,707
Cash and cash equivalents	27	587,863	257,038	977,006
		1,998,542	2,116,364	3,581,219
Current liabilities				
Bill, trade and other payables	28	673,535	830,898	891,887
Bank borrowings	29	560,984	838,539	1,348,159
Lease liabilities	32	30,291	34,164	57,076
Contract liabilities	30	48,764	12,078	34,647
		1,313,574	1,715,679	2,331,769
Net current assets		684,968	400,685	1,249,450
Total assets less current liabilities		973,327	865,072	1,975,981
Non-current liabilities				
Bank borrowings	29	30,000	169,319	247,292
Lease liabilities	32	46,762	60,483	59,859
Provision		31,426	33,681	39,181
Deferred income	31	47,877	2,685	83,593
		156,065	266,168	429,925
Net assets		817,262	598,904	1,546,056
Capital and reserves				
Share capital	33	117,968	117,968	139,554
Reserves		698,561	480,075	1,405,223
Equity attributable to owners of the Company		816,529	598,043	1,544,777
Non-controlling interests		733	861	1,279
Total equity		817,262	598,904	1,546,056

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
	NOTES	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*16*	45,065	45,588	40,653
Deposits for rental		1,663	4,597	6,694
Right-of-use assets	*17*	9,157	36,661	62,616
Interests in subsidiaries	*19*	1,387,981	1,595,955	2,038,575
Pledged bank deposits	*27*	3,300	–	–
Interest in a joint venture		–	–	9,993
Interest in an associate	*20*	–	–	2,267
		1,447,166	1,682,801	2,160,798
Current assets				
Inventories and contract costs	*21*	258,643	238,428	257,601
Trade and other receivables	*22*	446,527	639,785	1,325,416
Contract assets	*24*	3,221	2,609	7,934
Financial assets at FVTPL	*25*	13,281	222,233	174,196
Bills receivables at FVTOCI	*26*	165,746	83,147	95,198
Restricted bank deposits	*27*	–	50,000	1,424
Pledged bank deposits	*27*	105,350	85,029	67,040
Cash and cash equivalents	*27*	373,389	119,207	685,800
		1,366,157	1,440,438	2,614,609
Current liabilities				
Bill, trade and other payables	*28*	504,147	566,513	598,980
Amounts due to subsidiaries	*23*	77,865	238,899	575,219
Bank borrowings	*29*	560,984	734,530	882,900
Lease liabilities	*32*	7,350	4,033	12,818
Contract liabilities	*30*	43,332	5,716	25,049
		1,193,678	1,549,691	2,094,966
Net current assets (liabilities)		172,479	(109,253)	519,643
Total assets less current liabilities		1,619,645	1,573,548	2,680,441
Non-current liabilities				
Bank borrowings	*29*	30,000	18,000	–
Lease liabilities	*32*	2,047	32,193	53,748
Provision		31,426	33,681	39,181
Deferred income	*31*	1,479	921	11,721
		64,952	84,795	104,650
Net assets		1,554,693	1,488,753	2,575,791
Capital and reserves				
Share capital	*33*	117,968	117,968	139,554
Reserves	*43*	1,436,725	1,370,785	2,436,237
Total equity		1,554,693	1,488,753	2,575,791

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Other reserves	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	94,868	97,534	20,945	(41,676)	6	(277,488)	(105,811)	(219)	(106,030)
Loss for the year	–	–	–	–	–	(452,095)	(452,095)	(58)	(452,153)
Other comprehensive (expense) income	–	–	–	(32,689)	56	–	(32,633)	–	(32,633)
Total comprehensive (expense) income for the year	–	–	–	(32,689)	56	(452,095)	(484,728)	(58)	(484,786)
Issuance of ordinary shares *(Note 33)*	23,100	1,322,330	–	–	–	–	1,345,430	–	1,345,430
Equity-settled share-based payments	–	–	61,638	–	–	–	61,638	–	61,638
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	1,010	1,010
At December 31, 2022	117,968	1,419,864	82,583	(74,365)	62	(729,583)	816,529	733	817,262
(Loss) profit for the year	–	–	–	–	–	(283,891)	(283,891)	130	(283,761)
Other comprehensive income	–	–	–	–	42	–	42	–	42
Total comprehensive income (expense) for the year	–	–	–	–	42	(283,891)	(283,849)	130	(283,719)
Equity-settled share-based payments	–	–	65,363	–	–	–	65,363	–	65,363
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	1,000	1,000
Deregistration of a subsidiary	–	–	–	–	–	–	–	(1,002)	(1,002)
At December 31, 2023	117,968	1,419,864	147,946	(74,365)	104	(1,013,474)	598,043	861	598,904
(Loss) profit for the year	–	–	–	–	–	(541,238)	(541,238)	418	(540,820)
Other comprehensive expense	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive (expense) income for the year	–	–	–	–	(7)	(541,238)	(541,245)	418	(540,827)
Equity-settled share-based payments	–	–	157,186	–	–	–	157,186	–	157,186
Issuance of ordinary shares *(Note 33)*	21,586	1,309,207	–	–	–	–	1,330,793	–	1,330,793
At December 31, 2024	139,554	2,729,071	305,132	(74,365)	97	(1,554,712)	1,544,777	1,279	1,546,056

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Loss before tax	(452,150)	(283,694)	(540,793)
Adjustments for:			
Finance costs	27,113	27,788	44,074
Interest income	(4,596)	(1,756)	(1,956)
Gains from changes in fair value of financial assets at FVTPL	(417)	(111,758)	(65,646)
Share of result of associates	–	–	733
Share of result of a joint venture	–	–	10
Depreciation of property, plant and equipment	20,524	25,025	35,407
Depreciation of right-of-use assets	24,855	35,415	44,536
Impairment losses under expected credit loss model, net of reversal	5,400	14,170	149,945
Losses on disposals of property, plant and equipment	–	147	16
Loss on early termination of lease	–	–	3,307
Equity-settled share-based payment	61,638	65,363	157,186
Provision for warranty	12,520	14,010	20,195
Net foreign exchange losses	636	3,566	12,005
Write-down of inventories	34,894	30,825	50,227
Operating cash flow before movements in working capital	(269,583)	(180,899)	(90,754)
Increase in inventories and contract costs	(191,575)	(46,395)	(51,019)
Increase in trade and other receivables	(248,468)	(207,550)	(769,462)
Decrease (increase) in bills receivables at FVTOCI	14,683	109,968	(59,801)
Increase in bill, trade and other payables	224,260	105,018	182,350
(Increase) decrease in contract assets	(90)	395	(5,858)
Increase (decrease) in contract liabilities	25,902	(36,686)	22,569
Decrease in provision	(10,381)	(11,755)	(14,695)
(Decrease) increase in deferred income	(8,470)	(2,600)	80,908
Cash used in operations	(463,722)	(270,504)	(705,762)
Income tax paid	(3)	(67)	(27)
Net cash used in operating activities	(463,725)	(270,571)	(705,789)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Interest received	4,596	1,756	1,956
Proceeds from disposal of property, plant and equipment	12	174	730
Purchase of property, plant and equipment	(157,161)	(150,365)	(161,934)
Purchase of right-of-use assets	(20,294)	(32,580)	(13,678)
Placement of restricted bank deposits	(734)	(106,411)	(2,833)
Withdrawal of restricted bank deposits	–	55,895	52,659
Payments for pledged bank deposits	(108,685)	(85,030)	(91,396)
Withdrawal of pledged bank deposits	60,317	108,685	104,719
Purchase of financial assets at FVTPL	(158,000)	(182,100)	(85,000)
Purchase of equity instrument at FVTOCI	–	(24,365)	–
Payments for rental deposits	(1,239)	(3,314)	(10,213)
Refund of rental deposits	2,059	4,665	2,695
Repayments from related parties	1,000	–	–
Withdrawal of financial assets at FVTPL	–	2,000	–
Investment in a joint venture	–	–	(10,003)
Investment in associates	–	–	(103,000)
Net cash used in investing activities	(378,129)	(410,990)	(315,298)
FINANCING ACTIVITIES			
Interest paid	(24,137)	(23,756)	(38,118)
Repayment of lease liabilities	(18,297)	(45,487)	(48,507)
Bank borrowings raised	711,862	1,072,828	1,642,345
Repayment of bank borrowings	(674,227)	(652,823)	(1,141,039)
Capital contribution from a non-controlling shareholder	1,010	1,000	–
Distribution to a non-controlling shareholder	–	(1,002)	–
Proceeds from issuance of ordinary shares	1,345,430	–	1,330,793
Issue costs paid	–	–	(4,409)
Net cash from financing activities	1,341,641	350,760	1,741,065
Net increase (decrease) in cash and cash equivalents	499,787	(330,801)	719,978
Cash and cash equivalents at the beginning of the year	88,018	587,863	257,038
Effects of change in foreign exchange rate	58	(24)	(10)
Cash and cash equivalents at the end of the year	587,863	257,038	977,006

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company formerly known as "Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司)" was established as a company with limited liability in Shanghai, the PRC on October 20, 2009, under the Company Law of the PRC. On December 2, 2021, the Company was converted into a joint stock company with limited liability. The address of the registered office and the principal place of business of the Company is disclosed in the section headed "Corporate Information" in the Document. The founder of the Company is Mr. Ying Zhenkai (應臻愷) ("Mr. Ying") who is the controlling shareholder of the Company (the "Controlling Shareholder"). Mr. Ying is also the general manager, executive director and chairman of the Board of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of smart cockpit and intelligent vehicle connectivity solutions in the PRC throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 41.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

No statutory financial statements of the Company have been prepared for the years ended December 31, 2022, 2023 and 2024 as there is no statutory audit requirement.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting periods beginning on January 1, 2024, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7 . . .	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7 . . .	Contracts Referencing Nature – dependent Electricity[3]
Amendments to IFRS 10 and IAS 28 . .	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2025.

3 Effective for annual periods beginning on or after January 1, 2026.

4 Effective for annual periods beginning on or after January 1, 2027.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Interests in subsidiaries

Interests in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Interests in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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 the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 6, 24 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Restricted share units granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any).

Impairment on property, plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Contract fulfilment cost

The Group incurs costs to fulfil a contract in the smart cockpit solutions. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset is subsequently recognised to profit or loss at a point in time when solutions are accepted by the customers.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of smart cockpit solutions are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bill receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, cash and cash equivalents, deposits for rental and pledged/restricted bank deposits) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For trade receivables and contract costs with different credit characteristics, the Group performs impairment assessment under ECL model individually. Except for items that are assessed for impairment individually, the lifetime ECL for the remaining trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the other reserves without reducing the carrying amount of these receivables. Such amount represents the changes in the other reserves in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserves is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including bill, trade and other payables, bank borrowings and amounts due to subsidiaries are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

ECL for trade receivables

Trade receivables and contract assets with different credit risk characteristics are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether property, plant and equipment and right-of-use assets are impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, which is the higher of the value in use or fair value less costs of disposal. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

Detail of the carrying amounts of property, plant and equipment and right-of-use assets are disclosed in Notes 16 and 17 respectively, and no impairment loss was recognised by the management of the Group during the Track Record Period.

Fair value measurements and valuation process

Some of the Group's financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where market-observable data is not available, judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in the inputs could result in material adjustments to the fair value of these financial assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 36.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of solutions/products lines			
Smart cockpit solutions	1,078,549	1,352,398	2,441,408
Intelligent vehicle connectivity solutions	89,326	122,370	110,228
Others	49,882	21,049	5,367
	1,217,757	1,495,817	2,557,003
Timing of revenue recognition			
A point in time	1,128,431	1,373,447	2,446,775
Overtime	89,326	122,370	110,228
	1,217,757	1,495,817	2,557,003

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group's performance obligations is summarized below:

The Group sells smart cockpit solutions and provides holistic intelligent vehicle connectivity solutions, and sells materials and components to original equipment manufacturers, which designs, develops, and manufactures vehicles ("OEMs") and Tier-1 suppliers in connection with their production of passenger vehicles.

Smart cockpit solutions provide integrate software, hardware and cloud-based vehicle connectivity to enhance driving safety, convenience and connectivity, ultimately offering a more intelligent driving experience;

Intelligent vehicle connectivity solutions provide a wide range of user engagement optimization services and vehicle connectivity platform services to OEMs.

Smart cockpit solutions

Smart cockpit solutions is recognised at a point in time when the products or solutions are accepted by the customers.

The Group required an advance payment or granted the customers a credit period from 60 days to 180 days based on the assessed credit worthiness of the customers. Contract liabilities are recognised when advance payments are received but revenue has yet been recognised.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from six months to 1 year from the date of the acceptance of the products or solutions. The contract assets are transferred to trade receivables when the collection rights become unconditional, which is the defect liability period expires.

Sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37.

Intelligent vehicle connectivity solutions

Intelligent vehicle connectivity solutions are recognised over time on a straight-line basis, since the customers simultaneously receive and consume the benefits provided by the Group as the Group performs. Advance consideration received in these services is recognised as a contract liability and is released on a straight-line basis over the period of services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The majority of the contracts for provision of smart cockpit solutions and others are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contracts for intelligent vehicle connectivity solutions services are typically have a 1 to 10 years non-cancellable term in which the Group bills a fixed amount for each hour or each item of service provided.

(iv) Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided to the CODM other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

All revenue was generated in the PRC during the Track Record Period. The Group's non-current assets are all located in the PRC.

Information about major customers

During the Track Record Period, revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	404,432	428,223	365,502
Customer B	310,143	167,366	265,786
Customer C	N/A[1]	N/A[1]	998,548

1 The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year.

7. OTHER INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants and value-added tax additional deduction *(Note)*	40,351	26,973	56,623
Interest income from bank deposits	4,596	1,756	1,956
Rental income	1,742	2,091	69
Others	260	–	1,236
	46,949	30,820	59,884

Note: The amount mainly represents various subsidies received from the PRC local government authorities as incentives for the Group's research and development activities and value-added tax additional deduction.

Unconditional government grants are recognised in profit and loss when received while conditional government grants are recognised in profit or loss when the Group fulfilled the conditions.

Save for the unconditional government grants, the Group also received certain government grants as incentive for assets acquisition. The relevant government grants were recognised in profit or loss over the useful lives of the relevant assets. Further details of the assets related government grants are set out in Note 31.

8. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Gains from changes in fair value of financial assets at FVTPL	417	111,758	65,646
Net foreign exchange losses	(638)	(3,500)	(12,002)
Donations	(17)	–	(500)
Losses on disposal of property, plant and equipment and early termination of lease	–	(147)	(3,323)
Others	60	320	1,032
	(178)	108,431	50,853

9. FINANCE COSTS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on bank borrowings	24,137	23,756	39,889
Interest expense on lease liabilities	2,976	4,032	4,185
	27,113	27,788	44,074

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses (recognised) reversed, net:			
– trade receivables	(5,033)	(14,394)	(149,232)
– other receivables	(367)	224	(713)
	(5,400)	(14,170)	(149,945)

Details of impairment assessment are set out in Note 36.

11. INCOME TAX

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax	3	67	27
	3	67	27

Under the Law of the PRC on enterprise income tax ("EIT") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25%, except for certain subsidiaries entitled to different preferential tax rates.

Under the relevant tax laws and implementation regulations in German ad Hong Kong, the applicable tax rate of the Group's subsidiaries were 30.7% and 16.5% for the Track Record Period. Neither provision for Germany Profits Tax nor Hong Kong income tax has been made in the consolidated statements of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for the Track Record Period.

Both the Company and Shanghai PATEO Network Technology Service Co., Ltd. were qualified as a high and new technology enterprise ("HNTE") in 2020 and renewed their HNTE in 2023 respectively, and were entitled to a preferential tax rate of 15% from 2020 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. ("PATEO Nanjing") was qualified as a HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. In 2023, PATEO Nanjing was qualified as a software enterprise and was entitled to the two years' exemption from income tax followed by three years of 50% tax reduction commencing from its first profit making year, and no assessable profit was generated during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to December 31, 2024, respectively.

Certain subsidiaries of the Group that are subject to "small and thin-profit enterprises" were entitled a preferential tax rate of 20% under the EIT Law. For the year ended December 31, 2022, the qualifying group entities enjoyed 87.5% reduction on annual taxable income. For the years ended December 31, 2023 and 2024, the qualifying group entities enjoyed 75% reduction on annual taxable income.

The income tax credit for the Track Record Period can be reconciled to the loss before tax as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(452,150)	(283,694)	(540,793)
Tax at PRC EIT of 25%	(113,037)	(70,924)	(135,198)
Tax effect of share of result of an associate	–	–	183
Tax effect of share of result of a joint venture	–	–	3
Tax effect of expenses not deductible for tax purpose	2,012	3,049	2,303
Tax effect of temporary differences not recognised	25,176	24,322	85,793
Tax effect of tax losses not recognised	136,721	87,552	92,439
Utilisation of tax losses previously not recognised	(4,878)	(2,372)	(10,856)
Additional deduction of research and development expenses	(45,991)	(41,560)	(34,640)
Income tax for the year	3	67	27

12. LOSS BEFORE TAX

Loss before tax for the year has been arrived at after charging:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Directors' and supervisors' remuneration *(Note 13)*	23,475	23,776	45,858
Other staff costs:			
Salaries and other benefits	418,032	417,889	448,169
Discretionary bonus	48,533	47,626	49,267
Retirement benefit scheme contributions	44,487	45,862	47,354
Equity-settled share-based payments	56,286	58,840	130,707
Total staff costs	590,813	593,993	721,355
Capitalised in inventories and contract costs	122,160	180,827	121,367
	468,653	413,166	599,988
[**REDACTED**] expenses	–	–	[**REDACTED**]
Depreciation of property, plant and equipment	25,517	30,276	39,539
Depreciation of right-of-use assets	24,855	35,415	55,430
Total depreciation and amortisation	50,372	65,691	94,969
Capitalised in inventories and contract costs	4,993	5,251	15,026
	45,379	60,440	79,943
Auditor's remunerations	875	1,285	439
Cost of inventories and contract costs recognised as expenses (including write-down of inventories and contract costs amounting to RMB34,894,000, RMB30,825,000 and RMB50,227,000 in 2022, 2023 and 2024, respectively)	1,042,429	1,260,762	2,248,105

13. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Executive and non-executive directors and supervisors

Names	Positions	Dates of appointment
Mr. Ying Zhenkai	Executive director and the general manager	October 15, 2009
Mr. Zhang Fukai	Executive director	May 1, 2016
Ms. Xu Zhenhui	Executive director	May 15, 2018
Mr. Lai Weilin	Executive director	July 30, 2021
Mr. Gao Yinghui	Executive director	June 18, 2017
Mr. Ye Tian	Non-executive director	February 26, 2024[3]
Mr. Wang Yue	Non-executive director	June 7, 2022
Mr. Ma Xiaoyong	Non-executive director	September 21, 2022
Mr. Wang Bihui	Non-executive director	August 16, 2024
Ms. Xu Lili	Independent non-executive director	June 24, 2024[1]
Mr. Li Yuanpeng	Independent non-executive director	October 27, 2021
Mr. Wang Yanfeng	Independent non-executive director	October 27, 2021
Mr. Pang Chunlin	Independent non-executive director	October 27, 2021
Mr. Zhang Xiaoliang	Independent non-executive director	October 27, 2021
Mr. Liu Gongshen	Independent non-executive director	June 7, 2022
Mr. Liang Chen	Supervisor	October 27, 2021
Ms. Xu Tingting	Supervisor	October 27, 2021
Ms. Wu Yunyun	Supervisor	October 27, 2021
Mr. Shi Wan	Supervisor	September 21, 2022
Mr. Huang Baogang	Supervisor	August 23, 2023[2]
Mr. Li Zijie	Supervisor	June 24, 2024

1 The appointment will become effective upon the [**REDACTED**].

2 In June 2024, the supervisor resigned from the Group.

3 In August 2024, the non-executive director resigned from the Group.

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and general manager of the Company during the Track Record Period are as follows:

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2022						
Executive directors:						
Mr. Ying Zhenkai	–	5,398	429	63	–	5,890
Mr. Zhang Fukai	–	2,754	111	63	1,878	4,806
Ms. Xu Zhenhui	–	1,489	121	63	955	2,628
Mr. Lai Weilin	–	2,004	156	63	861	3,084
Mr. Gao Yinghui	–	1,572	131	63	652	2,418
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin	150	–	–	–	–	150
Mr. Zhang Xiaoliang	150	–	–	–	–	150
Mr. Liu Gongshen	83	–	–	–	–	83
Supervisors:						
Mr. Liang Chen	–	1,568	121	63	652	2,404
Ms. Xu Tingting	–	891	61	63	271	1,286
Ms. Wu Yunyun	–	153	12	28	83	276
Mr. Shi Wan	–	–	–	–	–	–
	683	15,829	1,142	469	5,352	23,475

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023						
Executive directors:						
Mr. Ying Zhenkai	–	5,233	429	68	–	5,730
Mr. Zhang Fukai	–	1,404	89	66	1,878	3,437
Ms. Xu Zhenhui	–	1,736	196	68	2,126	4,126
Mr. Lai Weilin	–	1,991	156	68	861	3,076
Mr. Gao Yinghui	–	1,765	94	68	652	2,579
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin	150	–	–	–	–	150
Mr. Zhang Xiaoliang	150	–	–	–	–	150
Mr. Liu Gongshen	150	–	–	–	–	150

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:						
Mr. Liang Chen	–	1,730	108	50	652	2,540
Ms. Xu Tingting	–	829	55	68	271	1,223
Ms. Wu Yunyun	–	189	14	29	83	315
Mr. Shi Wan	–	–	–	–	–	–
Mr. Huang Baogang	–	–	–	–	–	–
	750	14,877	1,141	485	6,523	23,776

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Executive directors:						
Mr. Ying Zhenkai	–	5,220	429	71	–	5,720
Mr. Zhang Fukai	–	1,529	200	71	9,902	11,702
Ms. Xu Zhenhui	–	1,958	241	71	12,295	14,565
Mr. Lai Weilin	–	2,063	699	71	793	3,626
Mr. Gao Yinghui	–	1,651	118	71	2,523	4,363
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Mr. Wang Bihui	–	–	–	–	–	–
Independent Non-executive Directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin	150	–	–	–	–	150
Mr. Zhang Xiaoliang	150	–	–	–	–	150
Mr. Liu Gongshen	150	–	–	–	–	150
Ms. Xu Lili	–	–	–	–	–	–
Supervisors:						
Mr. Liang Chen	–	1,959	241	71	613	2,884
Ms. Xu Tingting	–	823	55	71	259	1,208
Ms. Wu Yunyun	–	308	613	25	94	1,040
Mr. Shi Wan	–	–	–	–	–	–
Mr. Li Zijie	–	–	–	–	–	–
	750	15,511	2,596	522	26,479	45,858

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company during the Track Record Period. The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company and the Group, respectively. The discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

During the Track Record Period, certain directors were granted restricted shares, in respect of their services to the Group under the share incentive plan of the Company. Details of the share incentive plan are set out in note 34 to the Historical Financial Information.

Five highest paid employees

The five highest paid individuals of the Group included three, three, and three directors of the Company during the years ended December 31, 2022, 2023 and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining two, two, and two highest paid individuals during the years ended December 31, 2022, 2023 and 2024, respectively, are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	6,099	6,063	5,252
Discretionary bonus	413	685	1,040
Retirement benefit scheme contributions	126	136	142
Equity-settled share-based payments	2,792	3,052	13,581
	9,430	9,936	20,015

The number of the highest paid employees fell within the following bands is as follows:

	Year ended 31 December		
	2022	2023	2024
	No. of employees	*No. of employees*	*No. of employees*
Hong Kong Dollar ("HKD")			
HKD3,000,001 to HKD3,500,001	1	–	–
HKD3,500,001 to HKD4,000,000	–	2	–
HKD4,500,001 to HKD5,000,000	1	1	–
HKD5,000,001 to HKD5,500,000	1	–	–
HKD5,500,001 to HKD6,000,000	1	–	–
HKD6,000,001 to HKD6,500,000	–	1	1
HKD6,500,001 to HKD7,000,000	1	–	1
HKD7,500,001 to HKD8,000,000	–	1	–
HKD12,500,001 to HKD13,000,000	–	–	1
HKD14,500,001 to HKD15,000,000	–	–	1
HKD15,500,001 to HKD16,000,000	–	–	1
	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period.

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31, 2022	2023	2024
Loss:			
Loss for the purposes of calculating basic loss per share attributable to owners of the Company (RMB'000)	(452,095)	(283,891)	(541,238)
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	105,563	117,968	131,818

No diluted earnings per share for the Track Record Period as there were no potential ordinary shares in issue for each of the three years ended December 31, 2024.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2022	–	61,060	31,066	13,994	2,348	108,468
Additions	–	7,675	2,110	–	147,169	156,954
Transfers	–	1,820	1,381	8,738	(11,939)	–
Disposals	–	(144)	–	–	–	(144)
At December 31, 2022	–	70,411	34,557	22,732	137,578	265,278
Additions	–	12,093	20,713	–	122,256	155,062
Transfers	12,315	36,112	10,364	9,364	(68,155)	–
Disposals	–	(6,236)	(479)	–	–	(6,715)
At December 31, 2023	12,315	112,380	65,155	32,096	191,679	413,625
Additions	–	9,254	17,160	–	134,686	161,100
Transfers	–	461	20,498	18,282	(39,241)	–
Disposals	–	(6,875)	(779)	–	–	(7,654)
At December 31, 2024	12,315	115,220	102,034	50,378	287,124	567,071
DEPRECIATION						
At January 1, 2022	–	39,705	5,975	6,264	–	51,944
Provided for the year	–	13,524	5,319	6,674	–	25,517
Eliminated on disposals	–	(132)	–	–	–	(132)
At December 31, 2022	–	53,097	11,294	12,938	–	77,329
Provided for the year	682	15,471	6,239	7,884	–	30,276
Eliminated on disposals	–	(5,937)	(457)	–	–	(6,394)
At December 31, 2023	682	62,631	17,076	20,822	–	101,211
Provided for the year	585	19,184	10,125	9,645	–	39,539
Eleminated on disposals	–	(6,375)	(533)	–	–	(6,908)
At December 31, 2024	1,267	75,440	26,668	30,467	–	133,842

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CARRYING VALUES						
At January 1, 2022	–	21,355	25,091	7,730	2,348	56,524
At December 31, 2022	–	17,314	23,263	9,794	137,578	187,949
At December 31, 2023	11,633	49,749	48,079	11,274	191,679	312,414
At December 31, 2024	11,048	39,780	75,366	19,911	287,124	433,229

The Company

	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2022	44,562	13,303	4,938	–	62,803
Additions	3,794	18	–	27,150	30,962
Transfers	–	–	27	(27)	–
Disposals	(116)	–	–	–	(116)
At December 31, 2022	48,240	13,321	4,965	27,123	93,649
Additions	1,845	–	–	9,106	10,951
Transfers	34,380	–	1,849	(36,229)	–
Disposals	(3,442)	(465)	–	–	(3,907)
At December 31, 2023	81,023	12,856	6,814	–	100,693
Additions	3,852	–	–	6,129	9,981
Transfers	–	–	6,129	(6,129)	–
Disposals	(5,315)	(438)	–	–	(5,753)
At December 31, 2024	79,560	12,418	12,943	–	104,921
DEPRECIATION					
At January 1, 2022	30,828	2,157	4,662	–	37,647
Provided for the year	9,400	1,452	192	–	11,044
Eliminated on disposals	(107)	–	–	–	(107)
At December 31, 2022	40,121	3,609	4,854	–	48,584
Provided for the year	8,889	1,432	71	–	10,392
Eliminated on disposals	(3,419)	(452)	–	–	(3,871)
At December 31, 2023	45,591	4,589	4,925	–	55,105
Provided for the year	11,477	1,756	1,331	–	14,564
Eliminated on disposals	(5,060)	(341)	–	–	(5,401)
At December 31, 2024	52,008	6,004	6,256	–	64,268
CARRYING VALUES					
At January 1, 2022	13,734	11,146	276	–	25,156
At December 31, 2022	8,119	9,712	111	27,123	45,065
At December 31, 2023	35,432	8,267	1,889	–	45,588
At December 31, 2024	27,552	6,414	6,687	–	40,653

The above items other than construction in progress are depreciated after taking into account the estimated residual value on a straight-line basis over the following periods:

Buildings	20 years
Furniture and electronic equipment	3-5 years
Machinery	5-10 years
Leasehold improvement	Over the shorter of term of the relevant leases or 5 years

As at December 31, 2022, 2023 and 2024, the Group has pledged buildings with carrying amounts of nil, RMB11,633,000 and RMB11,048,000 respectively, machinery with carrying amounts of nil, nil and RMB64,556,000 respectively and construction in progress with carrying amounts of nil, RMB93,263,000 and RMB184,222,000 respectively to secure bank borrowing to the Group.

Impairment tests for property, plant and equipment and right-of-use assets

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	187,949	312,414	433,229
Right-of-use assets	89,405	145,619	167,170
	277,354	458,033	600,399

The Group focuses on providing smart cockpit and intelligent vehicle connectivity solutions, which the Group operates as a whole. As at December 31, 2022, 2023 and 2024, the Group was identified as a single cash-generating unit ("CGU"), which property, plant and equipment and right-of-use assets belong to, for the purpose of impairment testing.

Due to the loss of the CGU throughout the year ended December 31, 2022, 2023 and 2024, the management of the Group concluded there was indication of impairment loss and conducted impairment assessment on property, plant and equipment and right-of-use assets with carrying amounts of RMB277,354,000, RMB458,033,000 and RMB600,399,000 as at December 31, 2022, 2023, 2024 respectively.

The recoverable amount of the CGU was determined based on a value in use calculation ("VIU") by using the discounted cashflow method, based on the CGU's financial budget approved by the Group covering a five-year period. The CGU's cash flows beyond the five-year period were extrapolated by using a steady 2.0% growth rate, which was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. The values to the assigned key assumptions were based on the past performance of the CGU and the management's expectation of future market development. Pre-tax discount rate of 13.65%, 14.57% and 14.45% were used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment review as at December 31, 2022, 2023 and 2024 respectively.

As at December 31, 2022, 2023 and 2024, management of the Group determines that there is no impairment on the property, plant and equipment and right-of-use assets. The recoverable amount is significantly above the carrying amount of the CGU as at December 31, 2022, 2023 and 2024 respectively. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Leased machineries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2022				
Carrying amounts	28,051	61,354	–	89,405
As at December 31, 2023				
Carrying amounts	59,331	86,288	–	145,619
As at December 31, 2024				
Carrying amounts	71,395	82,743	13,032	167,170
For the year ended December 31, 2022				
Depreciation charge	(312)	(24,543)	–	(24,855)
For the year ended December 31, 2023				
Depreciation charge	(1,300)	(34,115)	–	(35,415)
For the year ended December 31, 2024				
Depreciation charge	(1,614)	(33,298)	(20,518)	(55,430)

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	9,624	4,949	4,513
Total cash outflow for leases	48,215	83,016	66,698
Additions to leasehold lands	20,294	32,580	13,678
Additions to leasehold properties	21,291	59,257	50,775
Additions to leasehold machineries	–	–	33,550

For the Track Record Period, the Group leases various offices and properties for its operations. Lease contracts are entered into for fixed term of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for the leasehold lands. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the land use right.

As at December 31, 2022, 2023 and 2024, the Group has pledged leasehold lands with carrying amounts of nil, RMB27,294,000 and RMB57,922,000 respectively to secure bank borrowing to the Group.

The Group regularly entered into short-term leases for staff apartments. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB77,053,000, RMB94,647,000 and RMB116,935,000 are recognised with related right-of-use assets of RMB61,354,000, RMB86,288,000 and RMB95,775,000 as at December 31, 2022, 2023 and 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties and machineries may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 32.

The Company

	Leased properties
	RMB'000
As at December 31, 2022	
Carrying amounts	9,157
As at December 31, 2023	
Carrying amounts	36,661
As at December 31, 2024	
Carrying amounts	62,616
For the year ended December 31, 2022	
Depreciation charge	(6,962)
For the year ended December 31, 2023	
Depreciation charge	(7,505)
For the year ended December 31, 2024	
Depreciation charge	(12,901)

18. DEFERRED TAX

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–
	–	–	–	–	–	–

The Group

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	–	(14,843)	14,748	95	–
(Charge) Credit to profit or loss	(63)	421	(326)	(32)	–
At December 31, 2022	(63)	(14,422)	14,422	63	–
(Charge) Credit to profit or loss	(16,763)	(3,483)	3,418	16,828	–
At December 31, 2023	(16,826)	(17,905)	17,840	16,891	–
(Charge) Credit to profit or loss	(9,360)	223	(158)	9,295	–
At December 31, 2024	(26,186)	(17,682)	17,682	26,186	–

As at 31 December 2022, 2023 and 2024, the Group has unused tax losses of RMB2,203,999,000, RMB2,657,332,000 and RMB2,979,474,000 available for offset against future profits. A deferred tax asset has been recognised in respect of RMB417,000, RMB112,609,000 and RMB174,572,000 of such losses as at December 31, 2022, 2023 and 2024. No deferred tax asset has been recognised in respect of the remaining RMB2,203,582,000, RMB2,544,723,000 and RMB2,804,902,000 due to the unpredictability of future profit streams.

The unrecognised tax losses will be expired as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2023	53,969	–	–
2024	66,153	66,153	–
2025	107,342	103,812	87,101
2026	213,263	207,307	180,594
2027	268,640	268,640	268,640
2028	99,653	163,213	163,213
2029	253,101	253,101	484,613
2030	459,207	459,207	459,207
2031	308,876	308,876	308,876
2032	373,378	373,378	373,378
2033	–	341,036	341,036
2034	–	–	138,244
	2,203,582	2,544,723	2,804,902

As at December 31, 2022, 2023 and 2024, the Group has deductible temporary differences of RMB244,734,000, RMB342,024,000 and RMB685,194,000. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Company

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	–	(2,027)	1,932	95	–
(Charge) Credit to profit or loss	(63)	653	(558)	(32)	–
At December 31, 2022	(63)	(1,374)	1,374	63	–
(Charge) Credit to profit or loss	(16,763)	(4,125)	4,060	16,828	–
At December 31, 2023	(16,826)	(5,499)	5,434	16,891	–
(Charge) Credit to profit or loss	(9,360)	(3,893)	3,958	9,295	–
At December 31, 2024	(26,186)	(9,392)	9,392	26,186	–

19. INTERESTS IN SUBSIDIARIES

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments	634,705	634,705	1,008,306
Amounts due from subsidiaries *(Note)*	753,276	961,250	1,030,269
	1,387,981	1,595,955	2,038,575

Amounts due from subsidiaries

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non trade-related			
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd.	101,809	–	–
PATEO CONNECT (Xiamen) Co., Ltd.	407,322	701,263	678,904
PATEO CONNECT (Nanjing) Co., Ltd.	–	4,831	–
Shanghai Qingganwik Smart Intelligent Technology Co., Ltd.	111,357	111,267	69,665
PATEO CONNECT (Dalian) Co., Ltd.	39,580	45,980	28,198
Shenyang One DriveJingyi Zhijia Technology Co., Ltd.	29,763	34,534	–
Shanghai PATEO Fangda Network Technology Co., Ltd.	25,792	25,792	25,702
PATEO (Beijing) Technology Co., Ltd.	17,516	18,714	20,524
Botai Intelligent Manufacturing (Lu'an) Co., Ltd.	–	–	142,051
PATEO CONNECT Technology (Xinchang) Co., Ltd.	–	–	17,152
Others	20,137	18,869	48,073
	753,276	961,250	1,030,269

Note: The amounts due from subsidiaries are unsecured, interest-free and expected to recover over 1 year from the respective reporting period end.

20. INTERESTS IN ASSOCIATES/AN ASSOCIATE

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interests in associates under equity method	–	–	102,267	–	–	2,267
	–	–	102,267	–	–	2,267

Details of each of the Group's associates during the Track Record Period are as follows:

Name of associate	Country of incorporation	Principal place of business	Interest in associate	Proportion of ownership interest and voting rights held by the Group/Company			Principal activities
				As at December 31,			
				2022	2023	2024	
Guojing Computational (Beijing) Data Technology Co., Ltd. ("Guojing") *(Note i)*	China	Beijing	100,000	–	–	40.00%	Sales of R&D services in relation to AI.
Shanghai Anzhixin Automotive Integrated Circuit Co., Ltd ("Anzhixin") *(Note ii)*	China	Shanghai	2,267	–	–	25.00%	Sales of Integrated Circuit

Notes:

i. The Group is able to exercise significant influence over Guojing because it has the power to appoint one out of the three directors of Guojing under the articles of association of Guojing.

ii. The Group/the Company is able to exercise significant influence over Anzhixin because it has the power to appoint one out of the five directors of Anzhixin under the articles of association of Anzhixin.

All of these associates are accounted for using the equity method in these consolidated financial statements.

21. INVENTORIES AND CONTRACT COSTS

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Materials and components *(Note a)*	368,277	420,861	415,574	177,462	195,794	205,847
Contract fulfillment costs *(Note b)*	98,999	67,236	88,341	81,181	42,634	51,754
	467,276	488,097	503,915	258,643	238,428	257,601

Notes:

a. Materials and components include finish goods, chips and others.

b. The costs directly relate to the contracts in the smart cockpit solutions, generate resources that will be used in satisfying the contract and are expected to be recovered.

22. TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	436,237	650,690	1,298,471	414,451	637,100	1,260,602
Less: allowance for credit losses	(17,558)	(30,996)	(173,469)	(16,367)	(29,394)	(172,319)
	418,679	619,694	1,125,002	398,084	607,706	1,088,283
Prepayments for service	14,246	11,330	13,944	498	811	6,157
Prepayments for consumables	4,189	1,429	1,911	4,189	1,429	416
Refundable deposits	2,742	2,720	1,742	1,619	1,527	1,491
Advance to staff	1,376	307	516	290	130	417
Prepayments to suppliers	27,331	18,275	83,139	18,232	8,885	75,600
Prepayments for rental expense	1,045	1,485	890	78	121	76
Value-added tax recoverable	24,456	31,223	74,879	20,161	16,835	23,173
Deferred issue costs	–	–	5,194	–	–	5,194
Prepayments for [**REDACTED**] expenses	–	–	[REDACTED]	–	–	[REDACTED]
Receivable for disposal of a financial asset at FVTPL *(Note)*	–	–	120,000	–	–	120,000
Others	3,885	4,468	5,611	3,487	2,472	1,844
Less: allowance for credit losses	(608)	(210)	(923)	(111)	(131)	(762)
	497,341	690,721	1,435,432	446,527	639,785	1,325,416

Note: The receivable for disposal of a financial asset at FVTPL is fully settled in March 2025.

As at January 1, 2022, the Group's and the Company's trade receivables amounted to RMB191,124,000 and RMB178,116,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	378,432	544,987	910,424	362,244	533,935	875,640
91-180 days	22,512	43,832	175,670	18,296	43,609	175,241
181-365 days	17,069	22,695	21,669	16,913	22,406	20,212
1-2 years	666	8,180	17,239	631	7,756	17,190
	418,679	619,694	1,125,002	398,084	607,706	1,088,283

As at December 31, 2022, 2023 and 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB40,247,000, RMB74,707,000 and RMB106,977,000 respectively, which are past due as at the reporting date. Out of the past due balances, RMB17,069,000, RMB22,695,000 and RMB21,669,000, has been past due 90 days or more and is not considered as in default considering the historical and expected subsequent repayment from the trade debtors.

Details of impairment assessment of trade and other receivables are set out in Note 36.

23. AMOUNTS DUE FROM (TO) A RELATED PARTY/SUBSIDIARIES

The Group and the Company

Amounts due from a related party

	As at January 1,	As at December 31,		
	2022	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non trade-related				
Shanghai Bojia Enterprise Management Limited ("Shanghai Bojia")	1,000	–	–	–

Shanghai Bojia is controlled by Mr. Ying and the balances are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

Maximum amount outstanding during the Track Record Period of amount due from related parties of non-trade nature disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Bojia	1,000	–	–

The Company

Amounts due to subsidiaries

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd.	–	143,522	438,572
PATEO CONNECT (Wuhan) Co., Ltd.	55,911	90,143	116,376
PATEO CONNECT (Nanjing) Co., Ltd.	21,954	–	–
PATEO CONNECT (Rui'an) Co., Ltd.	–	–	8,140
Others	–	5,234	12,131
	77,865	238,899	575,219

As at December 31, 2022, 2023 and 2024, the balances of trade nature with amount of RMB21,954,000, nil and nil, are unsecured, non-interest bearing, repayable on demand and with ageing within 365 days. As at December 31, 2022, 2023 and 2024, the balances with amount of RMB55,911,000, RMB238,899,000 and RMB575,219,000 are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

24. CONTRACT ASSETS

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	3,221	2,826	8,684	3,221	2,609	7,934
	3,221	2,826	8,684	3,221	2,609	7,934

As at January 1, 2022, both of the Group's and the Company's contract assets amounted to RMB3,131,000.

Contract assets of the Group and the Company are expected to be settled within the Group's normal operating cycle.

The Group typically agrees to a retention period ranging from six months to one year for 5%~10% of the contract value with certain customers in accordance with the terms specified in the relevant contracts. The Group reclassifies its recognised contract assets to trade receivables upon maturity of retention period.

25. FINANCIAL ASSETS AT FVTPL

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL						
Unlisted equity/fund investments *(Notes i and ii)*	165,281	364,376	487,785	13,281	129,470	174,196
Unlisted convertible bonds *(Notes i and iii)*	–	92,763	–	–	92,763	–
	165,281	457,139	487,785	13,281	222,233	174,196

(Note i) The Group has engaged an independent professional valuer, ValueLink Management Consultants Limited ("Valuelink") (藍策亞洲(北京)企業管理諮詢有限公司) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), to assess the fair values of the financial assets at FVTPL as the end of December 31, 2022, 2023 and 2024, respectively. The independent professional valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuation was performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 36.

(Note ii) These investments represent equity/fund investments in unlisted entities and subsequent fair value change of these investments are recognised as "investment gains or losses" in Note 8. Included in unlisted equity investment, the amount as at December 31, 2022, 2023 and 2024 mainly represented an investment for an unlisted company at a consideration of RMB150 million.

(Note iii) The Group subscribed for convertible bonds from a private entity in 2023. The Group was entitled to convert the convertible bond into paid-in capital of the entity after three months of the subscription date. The relevant convertible bonds carried at a fixed annual coupon rate at 10% and are convertible into the shares of the convertible bonds issuer at a pre-determined conversion price in accordance with the relevant agreements, which are measured at fair value. In March 2024, all convertible bonds were converted as the paid-in capital of the private entity at the pre-determined conversion price. In June 2024, the Group entered into an investment agreement with the entity to further acquire its 0.79% equity interests at an aggregate consideration of RMB20 million.

In December 2024, the Group entered into a share transfer agreement with a third party to dispose of its equity interests in the entity at the consideration of RMB120 million (the "Consideration"). The Consideration is fully settled in March 2025.

26. BILLS RECEIVABLES AT FVTOCI

As at December 31, 2022, 2023 and 2024, the balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The following is an ageing analysis of bill receivables at FVTOCI at the end of the reporting period:

	The Group			**The Company**		
	As at December 31,			**As at December 31,**		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	171,441	84,263	95,266	165,746	83,147	95,198
	171,441	84,263	95,266	165,746	83,147	95,198

Loss allowance for bills receivables at FVTOCI is measured at an amount equal to 12m ECL. The credit risk on bills receivables at FVTOCI is limited because the counterparties are banks with high credit-ratings assigned by credit rating agencies. In the view of the directors of the Company, the credit risk of bills receivables at FVTOCI was minimal and no impairment was provided.

Transferred financial assets that were derecognised in their entirety:

The Group has discounted certain bills receivables to banks and endorsed to certain suppliers for settlement of trade payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the Directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, hence the Group has derecognised these bills receivables. As at December 31, 2022, 2023 and 2024, the Group's bills receivables at FVTOCI are amounting to RMB50,493,000, RMB139,153,000 and RMB177,180,000, respectively, which are endorsed to certain suppliers for settlement of trade payables but not mature that are derecognised in their entirety. As at December 31, 2022, 2023 and 2024, the Group's bills receivables at FVTOCI are amounting to RMB49,720,000, RMB63,170,000 and RMB55,000,000, respectively, which are discounted to the banks but not mature that are derecognised in their entirety.

Transferred financial assets that were not derecognised in their entirety:

As at December 31, 2022, 2023 and 2024, included in the Group's bills receivables at FVTOCI are amounting to RMB4,783,000, RMB14,851,000 and RMB13,775,000, respectively, which are endorsed to certain suppliers for settlement of trade payables on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the significant risks and rewards relating to the bill receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bill receivables and trade payables from the endorsement of the bills with full recourse. As at December 31, 2022, 2023 and 2024, included in the Group's bills receivables at FVTOCI are amounting to RMB35,000,000, RMB47,722,000 and nil, respectively, which are discounted to the banks on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the substantial risks and rewards, it continues to recognise the bills receivables and has recognised the cash received on the transfer as a pledged borrowing. Details of pledge of bills receivables for the Group's secured bank borrowings are set out in Note 29.

27. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates at 0.25%, 0.20% and 0.10% per annum as at December 31, 2022, 2023 and 2024 respectively.

Pledged bank deposits represent bank deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released to the Group in next one to two years from December 31, 2022. The pledged bank deposits carry interest at market rates which ranged from 0.25% to 1.50%, 0.20% to 2.45% and 0.10% to 2.45% per annum as at December 31, 2022, 2023 and 2024, respectively.

Restricted bank deposits represent deposits being frozen. The restricted bank deposits carry interest at market rates with 0.25%, 0.20% and 0.10% per annum as at December 31, 2022, 2023 and 2024, respectively.

The Group's bank balances and cash that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
European Dollar ("EUR")	2,868	558	78
HKD	60	388	63
United State Dollar ("USD")	8	1	10
	2,936	947	151

28. BILL, TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	447,017	586,029	603,352	432,588	522,945	536,597
	447,017	586,029	603,352	432,588	522,945	536,597
Payroll payables	67,555	61,613	72,876	20,770	20,018	20,300
Value added tax and other tax payables	24,899	6,896	7,941	1,810	3,135	3,596
[**REDACTED**] expenses and issue costs payable	–	–	[REDACTED]	–	–	[REDACTED]
Payables for property, plant and equipment	7,344	12,041	11,207	4,949	43	26
Payables for acquisition of equity instrument at FVTOCI	24,365	–	–	24,365	–	–
Accruals	22,866	34,369	49,391	18,077	18,751	32,171
Refundable government grants *(note i)*	75,000	117,592	117,592	–	–	–
Others	4,489	12,358	24,231	1,588	1,621	993
	673,535	830,898	891,887	504,147	566,513	598,980

The credit period of trade creditors is generally from 30 days to 90 days. The following is an aged analysis of trade payables presented based on invoice dates:

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-60 days	365,513	531,078	471,894	353,550	478,703	411,701
61-120 days	69,775	37,504	98,965	67,361	29,810	96,234
121-180 days	8,545	8,147	17,243	8,541	5,629	15,873
181-365 days	265	3,449	7,598	264	3,011	6,980
1-2 years	1,727	2,936	3,105	1,718	2,920	1,294
2-3 years	184	1,723	2,903	181	1,718	2,900
Over 3 years	1,008	1,192	1,644	973	1,154	1,615
	447,017	586,029	603,352	432,588	522,945	536,597

The Group's trade payables that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
USD	58,852	61,929	110,191

(Note i) The amounts were government grants attached with conditions about the revenue and profit criteria. The Group did not fulfill the criteria attached to those government grants at December 31, 2022, 2023 and 2024. Therefore, the amounts were refundable to the respective PRC government authority on demand. In March 2025, the Group entered into a new agreement with the authority to release and override all obligations under one of the original agreements, and the related amount of RMB25 million will be credited into profit or loss in 2025.

29. BANK BORROWINGS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Secured and guaranteed *(Note iii)*	101,661	98,530	–
Secured and unguaranteed *(Note ii)*	–	185,328	296,560
Unsecured and guaranteed *(Note i)*	469,323	704,000	–
Unsecured and unguaranteed	20,000	20,000	1,298,891
	590,984	1,007,858	1,595,451
The carrying amounts of the above borrowings are repayable *(Note iv)*:			
Within one year	560,984	838,539	1,348,159
Within a period of more than one year but not exceeding two years	30,000	18,000	21,583
Within a period of more than two years but not exceeding five years	–	119,092	94,269
Over five years	–	32,227	131,440
	590,984	1,007,858	1,595,451
Less: Amounts due within one year shown under current liabilities	(560,984)	(838,539)	(1,348,159)
Amounts shown under non-current liabilities	30,000	169,319	247,292

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	102,923	373,700	1,043,930
Variable-rate borrowings	488,061	634,158	551,521
	590,984	1,007,858	1,595,451
Effective interest rate:			
Fixed rates	3.85%-3.90%	3.20%-4.00%	3.00%-3.85%
Variable rates	LPR+0.25%	Loan Prime Rate ("LPR")-0.45% to LPR+0.35%	LPR-0.45% to LPR+0.5%

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Secured and guaranteed	101,661	98,530	–
Secured and unguaranteed	–	–	9,009
Unsecured and guaranteed	469,323	654,000	493,891
Unsecured and unguaranteed	20,000	–	380,000
	590,984	752,530	882,900
The carrying amounts of the above borrowings are repayable *(Note iv)*:			
Within one year	560,984	734,530	882,900
Within a period of more than one year but not exceeding two years	30,000	18,000	–
	590,984	752,530	882,900
Less: Amounts due within one year shown under current liabilities	(560,984)	(734,530)	(882,900)
Amounts shown under non-current liabilities	30,000	18,000	–
Fixed-rate borrowings	102,923	202,000	672,900
Variable-rate borrowings	488,061	550,530	210,000
	590,984	752,530	882,900
Effective interest rate:			
Fixed rates	3.85%-3.90%	3.20%-3.80%	3.00%-3.80%
Variable rates	LPR+0.25%	LPR-0.45% to LPR+0.35%	LPR to LPR+0.35%

Notes:

i. As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB469,323,000 and RMB704,000,000 were guaranteed by Mr. Ying.

ii. As at December 31, 2023 and 2024 respectively, the Group's borrowings of RMB185,328,000 and RMB287,551,000 were pledged by buildings, machineries, construction in progress and leasehold lands as disclosed in Note 16 and Note 17. As at December 31, 2024, the Group's borrowing of RMB9,009,000 were secured by pledged bank deposits.

iii. As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB35,000,000 and RMB47,722,000 were secured by bills receivables and guaranteed by Mr. Ying, and borrowings of RMB66,661,000 and RMB50,808,000 were secured by pledged bank deposits and guaranteed by Mr. Ying.

iv. The amounts due are based on scheduled repayment dates set out in the loan agreements.

v. The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers directly the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks around 180 days after settlement by the banks. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statements of financial position. In the consolidated statements of cash flows, repayments to the banks are included in financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks are treated as non-cash transactions. As at December 31, 2022, 2023 and 2024, the balances of bank borrowings under supplier finance arrangements were RMB74,970,000, RMB50,808,000 and RMB9,009,000 respectively. The range of payment due dates of borrowings that are part of supplier finance arrangements is from 210 to 270 days, while range of payment due dates of the comparable trade payables that are not part of supplier finance arrangements is from 30 to 90 days. Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements.

30. CONTRACT LIABILITIES

	The Group			The Company		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Smart cockpit solutions	44,025	7,329	28,791	43,143	5,716	25,049
Intelligent vehicle connectivity solutions	4,739	4,749	5,856	189	–	–
	48,764	12,078	34,647	43,332	5,716	25,049

At January 1, 2022, the Group's and the Company's contract liabilities amounted to RMB22,862,000 and RMB20,162,000.

Included in contract liabilities balance of the Group as at January 1, 2022, 2023 and 2024, RMB19,371,000, RMB46,342,000 and RMB9,216,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024, respectively.

Included in contract liabilities balance of the Company as at January 1, 2022, 2023 and 2024, RMB18,362,000, RMB41,793,000 and RMB4,765,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024, respectively.

31. DEFERRED INCOME

	The Group			The Company		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1,	56,347	47,877	2,685	3,862	1,479	921
Additions	2,870	140	83,297	920	140	11,300
Reclassified to other payables *(note 28)*	–	(42,592)	–	–	–	–
Released to other income *(note 7)*	(11,340)	(2,740)	(2,389)	(3,303)	(698)	(500)
At December 31,	47,877	2,685	83,593	1,479	921	11,721

32. LEASE LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	30,291	34,164	57,076
Within a period of more than one year but not exceeding two years	22,025	22,261	16,357
Within a period of more than two years but not exceeding five years	24,737	31,185	41,646
More than five years	–	7,037	1,856
	77,053	94,647	116,935
Less: Amount due for settlement within one year shown under current liabilities	(30,291)	(34,164)	(57,076)
Amount shown under non-current liabilities	46,762	60,483	59,859

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	7,350	4,033	12,818
Within a period of more than one year but not exceeding two years	2,047	3,289	13,563
Within a period of more than two years but not exceeding five years	–	21,867	38,329
More than five years	–	7,037	1,856
	9,397	36,226	66,566
Less: Amount due for settlement within one year shown under current liabilities	(7,350)	(4,033)	(12,818)
Amount shown under non-current liabilities	2,047	32,193	53,748

During the Track Record Period, the weighted average incremental borrowing rates applied to lease liabilities range from 4.48% to 4.64%.

33. SHARE CAPITAL

The Group and the Company

Share Capital

	Number of ordinary shares	Share capital
	'000	*RMB'000*
Ordinary shares of RMB1 each		
Authorized and issued		
At January 1, 2022 *(Note ii)*	94,868	94,868
Issue of ordinary shares *(Note i)*	23,100	23,100
At December 31, 2022 and 2023	117,968	117,968
Issue of ordinary shares *(Note iii)*	21,586	21,586
At December 31, 2024	139,554	139,554

Notes:

i. In February 2022, the Company issued 5,246,553 ordinary shares at the consideration of RMB291,423,000 to an investor. RMB5,246,553 was credited to the Company's share capital and the remaining balance was credited as share premium. In June 2022, the Company issued 11,680,034 ordinary shares at the consideration of RMB688,017,000 to investors. RMB11,680,034 was credited to the Company's share capital and the remaining balance was credited as share premium. In December 2022, the Company issued 6,173,733 ordinary shares at the consideration of RMB365,990,000 to investors. RMB6,173,733 was credited to the Company's share capital and the remaining balance was credited as share premium.

ii. In December 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of July 31, 2021, including paid-in capital, capital reserve, share-based payments reserve and accumulated losses, amounting to approximately RMB192,402,000 were converted into 94,868,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.

iii. For the year ended December 31, 2024, the Company issued 21,586,005 ordinary shares at the consideration of RMB1,330,793,000 to Series D investors. RMB21,586,005 was credited to the Company's share capital and the remaining balance was credited as share premium. As at December 31, 2024, all consideration was received from the investors.

34. SHARE-BASED PAYMENT TRANSACTIONS

Restricted Share Unit Plan

The purpose of the Employee Share Incentive Plan ("Restricted Share Unit/RSU Plan") was to provide incentives to employees and directors (the "Restricted Person") in order to promote the success of the business of the Group. To implement the RSU Plan, the Company used employee stock ownership platforms (the "Shareholding Platforms"), namely Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), Shanghai Chu Shui Yan Guan Enterprise Management Partnership Enterprise (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳午麟企業管理合夥企業(有限合夥)), Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)) and Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)) which were established from 2016 and directly held 15,350,000 ordinary shares of the Company. Under the RSU Plan, eligible employees and directors shall be nominated as the beneficiary owner of the Shareholding Platforms.

The Restricted Person are required to dispose the unvested shares at the initial issuance price plus interest at rate of LPR of similar period upon termination of the Restricted Person's employment or upon his voluntary termination of his employment with the Company until the qualified [**REDACTED**] (the "Repurchase Right").

Restricted share scheme	Number of restricted share awards	Grant date	Fair value of each restricted share at grant date	Grant Price of each restricted share
	('000)		*RMB*	*RMB*
Restricted share scheme in 2016	2,825	December 2016	9.75	3
Restricted share scheme in 2019	1,920	January 2019	22.16	4
Restricted share scheme in 2020	10,274	August 2020	22.78	4
Restricted share scheme in 2021	2,104	November – December 2021	27.05	4
Restricted share scheme in 2022	360	August 2022	59.93	4
Restricted share scheme in 2023	3,025	April – December 2023	63.58	5
Restricted share scheme in 2024	1,660	July 2024	63.58	5

None of the restricted ordinary shares may be sold, transferred, pledged, hypothecated, or otherwise disposed of, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares as of the grant date and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. The total expenses recognised in the consolidated profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB61,638,000, RMB65,363,000, and RMB157,186,000 during the years ended December 31, 2022, 2023 and 2024.

The following table summarized the Group's restricted ordinary shares movement during the Track Record Period.

	Number of unvested restricted ordinary shares
Restricted ordinary shares	
At January 1, 2022	14,932,900
Granted	360,000
Forfeited	(1,361,700)
At December 31, 2022	13,931,200
Granted	3,025,000
Forfeited	(2,921,200)
At December 31, 2023	14,035,000
Granted	1,660,000
Forfeited	(560,000)
At December 31, 2024	15,135,000

Fair Value of restricted ordinary shares granted

Back-solve method was used to determine the underlying equity fair value of the Company and option price model ("OPM model") was used to determine the fair value of the restricted share granted before 2022. After 2022, recent transaction price was used to determine the fair value of the restricted share granted. The fair value of restricted shares at grant date before 2022 was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink, whose address is disclosed in Note 25.

The key inputs into the OPM model other than the underlying equity fair value of the Company at the date of grant were as follows:

	December 2016	January 2019	June 2020	November-December 2021
Risk-free interest rate	3.67%	3.00%	2.45%	2.10%
Expected Volatility	70%	63%	57%	52%

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt balance, which includes bank borrowings disclosed in note 29 and lease liabilities in note 32, net of cash and cash equivalents in note 27, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Amortized cost	1,129,685	1,026,344	2,315,441
Bill receivables at FVTOCI	171,441	84,263	95,266
Financial assets at FVTPL	165,281	457,139	487,785
	1,466,407	1,567,746	2,898,492
Financial liabilities:			
Amortized cost	1,149,199	1,735,878	2,351,833

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Amortized cost	1,640,057	1,831,657	3,002,083
Bill receivables at FVTOCI	165,746	83,147	95,198
Financial assets at FVTPL	13,281	222,233	174,196
	1,819,084	2,137,037	3,271,477
Financial liabilities:			
Amortized cost	1,132,339	1,516,038	1,995,735

(b) Financial risk management objectives and policies

The Group's major financial instruments include pledged bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, bills receivables at FVTOCI, deposits for rental, bill, trade and other payables and bank borrowings. The Company's major financial instruments include pledged bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, bills receivables at FVTOCI, amounts due from subsidiaries, deposits for rental, bill, trade and other payables, amounts due to subsidiaries and bank borrowings. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Most of the Group's revenue, expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the Company and relevant subsidiaries. The Group's exposure to foreign currency risk is arising mainly from certain bank balances and certain trade payables which are denominated in foreign currencies. Except for the below items denominated in foreign currencies, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the reporting period.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	Assets			Liabilities		
	As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EUR	2,868	558	78	–	–	–
HKD	60	388	63	–	–	–
USD	8	1	10	58,852	61,929	110,191
	2,936	947	151	58,852	61,929	110,191

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against relevant currency, there would be an equal and opposite impact on pre-tax loss for the year.

	Impact of EUR			Impact of HKD			Impact of USD		
	As at December 31,			As at December 31,			As at December 31,		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on profit or loss	(143)	(28)	(4)	(3)	(19)	(3)	2,942	3,096	5,509

Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (Note 27), fixed-rate bank borrowings (Note 29) and lease liabilities (Note 32) and cash flow interest risk in relation to variable-rate bank borrowings (Note 29) and cash and cash equivalents (Note 27). The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in interest rate of variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rate had been 50 basis points higher and all other variables were held constant, the Group's post-tax loss for the year would increase RMB2,440,000, RMB3,171,000 and RMB2,758,000 for the years ended December 31, 2022, 2023 and 2024. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Other price risk

The Group is exposed to equity price risk through its investments in both unlisted equity investments and unlisted convertible bond measured at FVTPL. The equity price risk of these financial assets may arise due to changes in market price. The change may be caused by factors relating to the financial instrument itself or the issuer, and it may also be caused by market factors.

To manage its equity price risk arising from those investments, the management establish relevant internal control systems for the flow of investment project research, project approval. The management regularly reviews the portfolio structure, taking into account the risks that the Group and the Company can afford to take and the liquidity it requires, with a view to achieving long-term investment return.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. The Company's credit risk exposures are primarily attributable to trade and other receivables, contract assets, amounts due from subsidiaries, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. Both the Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which are all trade receivables and contract assets as at December 31, 2022, 2023 and 2024. The Group has concentration of credit risk as 37%, 33% and 46% of the total trade receivables and contract assets was due from the Group's largest customer as at December 31, 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 82%, 66% and 71% of the total trade receivables and contract assets was due from the Group's five largest customers as at December 31, 2022, 2023 and 2024, respectively.

The Group performs impairment assessment under ECL model on trade receivables and contract assets which with different credit characteristics individually. Except for items that are assessed for impairment individually, the remaining all trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. For the years ended December 31, 2022, 2023 and 2024, the Group recognised credit loss of approximately RMB5,033,000, RMB14,394,000 and RMB31,644,000 for trade receivables and contract assets based on collective assessment, no credit loss recognised for the years ended December 31, 2022 and 2023, and recognised credit loss of approximately RMB117,588,000 under individual assessment for the year ended December 31, 2024. Details of the quantitative disclosures are set out below in this note.

Other receivables (including deposits for rental and amounts due from subsidiaries — non-trade nature)

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The management believes that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended December 31, 2022, 2023 and 2024, the Group provided credit loss of approximately RMB367,000, reversed approximately RMB224,000 and provided RMB713,000 respectively.

Bills receivables at FVTOCI

Bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

Pledged/restricted bank deposits and cash and cash equivalents

The credit risk on pledged/restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The 12m ECL on pledged/restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk.	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle the amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful.	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

The Group

As at December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	95,266
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	977,006
Restricted bank deposits	27	*Note 1*	12m ECL	1,424
Pledged bank deposits	27	*Note 1*	12m ECL	71,707
Other receivables	22	Low risk	12m ECL	127,353
Deposits for rental		Low risk	12m ECL	13,872
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	1,140,571
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,312
		Loss *(Note 3)*	Lifetime ECL – credit-impaired (individually assessed)	117,588
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	8,684

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	84,263
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	257,038
Restricted bank deposits	27	*Note 1*	12m ECL	51,250
Pledged bank deposits	27	*Note 1*	12m ECL	85,030
Other receivables	22	Low risk	12m ECL	7,188
Deposits for rental		Low risk	12m ECL	6,354
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	625,322
		Loss	Lifetime ECL – credit-impaired (provision matrix)	17,974
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	2,826

As at December 31, 2022	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	171,441
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	587,863
Restricted bank deposits	27	*Note 1*	12m ECL	734
Pledged bank deposits	27	*Note 1*	12m ECL	108,685
Other receivables	22	Low risk	12m ECL	6,627
Deposits for rental		Low risk	12m ECL	7,705
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	427,395
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,448
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	3,221

The Company

As at December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	95,198
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	685,800
Restricted bank deposits	27	*Note 1*	12m ECL	1,424
Pledged bank deposits	27	*Note 1*	12m ECL	67,040
Other receivables	22	Low risk	12m ECL	123,335
Deposits for rental		Low risk	12m ECL	6,694
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	1,030,269
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	1,102,818
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,196
		Loss	Lifetime ECL – credit-impaired (individually assessed)	117,588
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	7,934

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	83,147
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	119,207
Restricted bank deposits	27	*Note 1*	12m ECL	50,000
Pledged bank deposits	27	*Note 1*	12m ECL	85,029
Other receivables	22	Low risk	12m ECL	3,999
Deposits for rental		Low risk	12m ECL	4,597
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	961,250
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	613,213
		Loss	Lifetime ECL – credit-impaired (provision matrix)	16,976
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	2,609

As at December 31, 2022	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				RMB'000
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	165,746
Financial assets at amortised cost				
Cash and cash equivalents	27	*Note 1*	12m ECL	373,389
Pledged bank deposits	27	*Note 1*	12m ECL	108,650
Other receivables	22	Low risk	12m ECL	5,106
Deposits for rental		Low risk	12m ECL	1,663
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	753,276
Trade receivables	22	*Note 2*	Lifetime ECL – not credit-impaired (provision matrix)	406,201
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,339
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
Contract assets	24	*Note 2*	Lifetime ECL (provision matrix)	3,221

Notes:

1. The counterparties are reputable banks with high credit ratings and the risk of default on liquid funds is limited.

2. For trade receivables and contract assets, the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with different credit risk characteristics, the Group determines the ECL on those items on a collective basis, grouped by ageing.

3. The amount represented the trade receivable from a customer who was under significant financial difficulty as at December 31, 2024. Full provision of the trade receivable was made during the year ended December 31, 2024.

Provision matrix – debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2022, 2023 and 2024 within lifetime ECL. Debtors with gross carrying amounts of approximately RMB7,394,000, RMB7,394,000 and RMB117,588,000 as at December 31, 2022, 2023 and 2024 were assessed individually.

Gross carrying amount

	Gross carrying amount as at					
	December 31, 2022		December 31, 2023		December31, 2024	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*
Within one year	2%	427,395	2%	625,322	3%	1,140,571
One to two years	53%	1,415	54%	17,734	54%	38,567
Over two years	100%	33	100%	240	100%	1,745

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information, which included the Gross Domestic Product, the Consumer Price Index of the PRC and the annual issuer-weighted corporate default rates, that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2022	4,798	7,727	12,525
Transfer to credit-impaired	(32)	32	–
Impairment loss recognised	8,907	865	9,772
Impairment loss reversed	(4,440)	(299)	(4,739)
As at December 31, 2022	9,233	8,325	17,558
Transfer to credit-impaired	(398)	398	–
Impairment loss recognised	15,408	9,958	25,366
Impairment loss reversed	(10,755)	(217)	(10,972)
Write-off	–	(956)	(956)
As at December 31, 2023	13,488	17,508	30,996

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
Transfer to credit-impaired	(862)	862	–
Impairment loss recognised	24,989	135,151	160,140
Impairment loss reversed	(4,807)	(6,102)	(10,909)
Write-off	–	(6,758)	(6,758)
As at December 31, 2024	32,808	140,661	173,469

The following tables show reconciliation of loss allowance that has been recognised for other receivables.

	Other receivables 12m ECL
	RMB'000
As at January 1, 2022	244
Impairment loss recognised	406
Impairment loss reversed	(39)
Write-off	(3)
As at December 31, 2022	608
Impairment loss recognised	201
Impairment loss reversed	(425)
Write-off	(174)
As at December 31, 2023	210
Impairment loss recognised	713
Impairment loss reversed	–
As at December 31, 2024	923

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate settlement to the suppliers. Only small portion of the Group's bank borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 29.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022							
Bill, trade and other payables	N/A	558,215	–	–	–	558,215	558,215
Bank borrowings	3.90%	573,767	30,048	–	–	603,815	590,984
Lease liabilities	4.64%	31,709	22,539	25,491	–	79,739	77,053
		1,163,691	52,587	25,491	–	1,241,769	1,226,252
At December 31, 2023							
Bill, trade and other payables	N/A	728,020	–	–	–	728,020	728,020
Bank borrowings	3.74%	849,161	34,447	135,852	34,282	1,053,742	1,007,858
Lease liabilities	4.48%	35,708	24,304	32,419	9,059	101,490	94,647
		1,612,889	58,751	168,271	43,341	1,883,252	1,830,525
At December 31, 2024							
Bill, trade and other payables	N/A	756,382	–	–	–	756,382	756,382
Bank borrowings	3.28%	1,374,811	29,741	113,457	140,381	1,658,390	1,595,451
Lease liabilities	4.53%	57,718	17,536	48,738	2,359	126,351	116,935
		2,188,911	47,277	162,195	142,740	2,541,123	2,468,768

The Company

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022							
Bill, trade and other payables	N/A	463,490	–	–	–	463,490	463,490
Bank borrowings	3.90%	573,767	30,048	–	–	603,815	590,984
Amounts due to subsidiaries	N/A	77,865	–	–	–	77,865	77,865
Lease liabilities	4.64%	7,703	2,559	–	–	10,262	9,397
		1,122,825	32,607	–	–	1,155,432	1,141,736
At December 31, 2023							
Bill, trade and other payables	N/A	524,609	–	–	–	524,609	524,609
Bank borrowings	3.67%	740,717	28,485	–	–	769,202	752,530
Amounts due to subsidiaries	N/A	238,899	–	–	–	238,899	238,899
Lease liabilities	4.36%	4,209	3,578	25,225	9,059	42,071	36,226
		1,508,434	32,063	25,225	9,059	1,574,781	1,552,264

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024							
Bill, trade and other payables	N/A	537,616	–	–	–	537,616	537,616
Bank borrowings	3.33%	897,296	–	–	–	897,296	882,900
Amounts due to subsidiaries	N/A	575,219	–	–	–	575,219	575,219
Lease liabilities	4.49%	13,109	14,516	44,833	2,359	74,817	66,566
		2,023,240	14,516	44,833	2,359	2,084,948	2,062,301

(c) Fair value measurement of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

Financial assets	31/12/2022	31/12/2023	31/12/2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	*RMB'000*	*RMB'000*			
Bills receivables at FVTOCI	171,441	84,263	95,266	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A
Financial assets at FVTPL						
– Unlisted equity/fund investments	150,000	275,506	313,589	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	Level 3	Comparable companies analysis valuation. *(note a)*	Liquidity discount.
	2,000	79,483	81,132	Level 3	The net asset value based on the fair value of the underlying investments. *(note b)*	The fair value of underlying assets.
	–	–	40,000	Level 3	Asset-based approah	The fair value of underlying assets.
– Convertible bonds	–	92,763	–	Level 2	Recent transaction price	N/A

The Company

Financial assets	31/12/2022	31/12/2023	31/12/2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	*RMB'000*	*RMB'000*			
Bills receivables at FVTOCI	165,746	83,147	95,198	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A
Financial assets at FVTPL						
– Unlisted equity/fund investments	–	40,600	–	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	Level 3	Comparable companies analysis valuation.	Liquidity discount.
	–	79,483	81,132	Level 3	The net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.
	–	–	40,000	Level 3	Asset-based approah	The fair value of underlying assets.
– Convertible bonds	–	92,763	–	Level 2	Recent transaction price	N/A

Notes:

(a) A slight increase in the liquidity discount used in isolation would result in a decrease in the fair value measurement of the unlisted equity investments under comparable companies analysis valuation, and vice versa. A 5% decrease in the liquidity discount holding all other variables constant would increase the carrying amount of the unlisted equity investments by RMB530,000, RMB407,000 and RMB2,903,000 for December 31, 2022, 2023 and 2024 respectively. A 5% increase in the liquidity discount holding all other variables constant would decrease the carrying amount of the unlisted equity investments by RMB545,000, RMB414,000 and RMB2,901,000 for December 31, 2022, 2023 and 2024.

(b) A slight increase in the net value of assets used in isolation would result in an increase in the fair value measurement of the unlisted fund investment measured at fair value under net asset value based on the fair value of the underlying investments and vice versa. A 5% increase/decrease in the fair value of the underlying investments holding all other variables constant would increase/decrease the carrying amount of the unlisted fund investment by RMB100,000, RMB3,974,000 and RMB4,057,000 for December 31, 2022, 2023 and 2024 respectively.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

(ii) Reconciliation of Level 3 fair value measurements

The Group

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022	6,864
Total gains	417
– in profit or loss	417
Addition	8,000
As at December 31, 2022	15,281

	Financial assets at FVTPL
	RMB'000
Total losses	(7,911)
– in profit or loss	(7,911)
Addition	83,500
Disposals	(2,000)
As at December 31, 2023	88,870
Total gains	4,726
– in profit or loss	4,726
Addition	40,000
Transfer from level 2 *(note)*	40,600
As at December 31, 2024	174,196

The Company

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022	4,864
Total gains	417
– in profit or loss	417
Addition	8,000
As at December 31, 2022	13,281
Total losses	(7,911)
– in profit or loss	(7,911)
Addition	83,500
As at December 31, 2023	88,870
Total gains	4,726
– in profit or loss	4,726
Addition	40,000
Transfer from level 2 *(note)*	40,600
As at December 31, 2024	174,196

Note: The transfer of fair value hierarchy is due to the change of valuation techniques of the unlisted equity investments, which have been changed to comparable companies analysis valuation as at December 31, 2024 due to lack of recent transaction price used in valuation as at December 31, 2023.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank borrowings	Accrued issue costs	Lease liabilities	Interest payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
At January 1, 2022	491,329	–	71,257	–	562,586
Interest expenses *(note 9)*	–	–	2,976	24,137	27,113
Financing cash flow	37,635	–	(18,297)	(24,137)	(4,799)
New bank borrowings under sellers finance agreements entered	62,020	–	–	–	62,020
New lease entered	–	–	21,291	–	21,291
Alteration of lease contract	–	–	(174)	–	(174)
At December 31, 2022	590,984	–	77,053	–	668,037
Interest expenses *(note 9)*	–	–	4,032	23,756	27,788
Financing cash flow	420,005	–	(45,487)	(23,756)	350,762
Expire of bills discounted to banks that are not derecognised in their entirety	(35,000)	–	–	–	(35,000)
New bank borrowings under sellers finance agreements entered	31,869	–	–	–	31,869
New lease entered	–	–	59,257	–	59,257
Alteration of lease contract	–	–	(208)	–	(208)
At December 31, 2023	1,007,858	–	94,647	–	1,102,505
Interest expense *(note 9)*	–	–	4,185	39,889	44,074
Financing cash flows	501,306	(4,409)	(48,507)	(38,118)	410,272
Expire of bills discounted to banks that are not derecognised in their entirety	(47,722)	–	–	–	(47,722)
New bank borrowings under sellers finance agreements entered	134,009	–	–	–	134,009
New lease entered	–	–	84,325	–	84,325
Alteration of lease contract	–	–	(17,715)	–	(17,715)
Deferred issue cost	–	5,194	–	–	5,194
At December 31, 2024	1,595,451	785	116,935	1,771	1,714,942

38. RELATED PARTY TRANSACTIONS

(i) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	20,114	20,379	19,125
Discretionary bonus	1,370	1,826	3,435
Retirement benefit scheme contributions	529	552	589
Equity-settled share-based payments	6,562	8,139	36,229
	28,575	30,896	59,378

39. CAPITAL COMMITMENTS

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	5,340	386,034	411,163

40. CONTINGENT LIABILITIES

During the Track Record Period, the Group failed to make full contributions to the state-managed defined contribution retirement scheme and the housing provident fund for their employees in accordance with the relevant regulations and provisions. Based on the actual salaries of the employees of the Group, the underprovision of the state-managed defined contribution retirement scheme and the housing provident fund contributions are approximately RMB1,601,000, RMB1,259,000 and RMB992,000 for each of the years ended December 31, 2022, 2023 and 2024 respectively and the full provision are made by the Group in the respective years.

The management of the Group has, taking into account the relevant facts, circumstances and legal advice, considered that it is not probable for the Company to be requested by the relevant authorities to pay the penalties on such outstanding amounts, therefore, no provision for the penalties has been made as at each reporting date and during the Track Record Period.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries during the Track Record Period and at the date of this report are set out below:

			Equity interest attributable to the Group				
			As at December 31				
Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/ registered capital	2022	2023	2024	At the date of this report	Principal activities
			%	%	%	%	%
Directly held							
PATEO CONNECT (Dalian) Co., Ltd. (博泰車聯網(大連)有限公司)	November 12, 2020 PRC	RMB500,000	100.0	100.0	100.0	[100.0]	R&D of intelligent vehicle connectivity and specializing in smart cockpit software systems and cloud-based development
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司)	November 5, 2019 PRC	RMB200,000,000	100.0	100.0	100.0	[100.0]	R&D of intelligent vehicle connectivity, and software systems, AI, IoT, and software development
PATEO CONNECT (Rui'an) Co., Ltd. (博泰車聯網(瑞安)有限公司)	November 28, 2022 PRC	RMB100,000,000	100.0	100.0	100.0	[100.0]	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Xiamen) Co., Ltd. (博泰車聯網(廈門)有限公司)	November 18, 2019 PRC	RMB200,000,000	100.0	100.0	100.0	[100.0]	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Wuhan) Co., Ltd. (博泰車聯網(武漢)有限公司)	January 22, 2021 PRC	RMB50,000,000	100.0	100.0	100.0	[100.0]	Information system integration services and concentrating on cloud platform development
Liuzhou PATEO CONNECT Co., Ltd. (柳州博泰車聯網有限公司)	September 8, 2020 PRC	RMB100,000,000	100.0	100.0	100.0	[100.0]	Manufacture of parts and accessories of vehicles
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司)	October 26, 2006 PRC	RMB34,000,000	100.0	100.0	100.0	[100.0]	R&D of intelligent vehicle connectivity
Shanghai Qingganwik Smart Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司)	May 29, 2013 PRC	RMB5,000,000	100.0	100.0	100.0	[100.0]	R&D of electronic technology and communication engineering
Shenyang One DriveJingyi Zhijia Technology Co., Ltd. (瀋陽精一智駕科技有限公司)	January 3, 2017 PRC	RMB1,000,000	100.0	100.0	100.0	[100.0]	Electronic product technology development

Note: All subsidiaries have adopted December 31 as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

No statutory financial statements have been prepared for all of the subsidiaries for the years ended December 31, 2022, 2023 and 2024 as there are no statutory audit requirements.

42. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB44,956,000, RMB46,347,000 and RMB47,876,000 for the years ended December 31, 2022, 2023 and 2024, respectively, representing contributions paid to the retirement benefits scheme by the Group.

43. RESERVES OF THE COMPANY

Movement in reserves

	Share premium	Share-based payments reserve	FVTOCI reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	97,534	20,945	(41,676)	226,943	303,746
Loss for the year	–	–	–	(218,300)	(218,300)
Other comprehensive expense for the year	–	–	(32,689)	–	(32,689)
Total comprehensive expense for the year	–	–	(32,689)	(218,300)	(250,989)
Issuance of ordinary shares *(Note 33)*	1,322,330	–	–	–	1,322,330
Equity-settled share-based payments	–	61,638	–	–	61,638
At December 31, 2022	1,419,864	82,583	(74,365)	8,643	1,436,725
Loss for the year	–	–	–	(131,303)	(131,303)
Total comprehensive expense for the year	–	–	–	(131,303)	(131,303)
Equity-settled share-based payments	–	65,363	–	–	65,363
At December 31, 2023	1,419,864	147,946	(74,365)	(122,660)	1,370,785
Loss for the year	–	–	–	(400,941)	(400,941)
Total comprehensive expense for the year	–	–	–	(400,941)	(400,941)
Issuance of ordinary shares *(Note 33)*	1,309,207	–	–	–	1,309,207
Equity-settled share-based payments	–	157,186	–	–	157,186
At December 31, 2024	2,729,071	305,132	(74,365)	(523,601)	2,436,237

44. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after December 31, 2024 and up to the date of issuance of this Historical Financial Information.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2024 and up to the date of this report.

[**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 provisions. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective [**REDACTED**] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), which was last amended on August 31, 2018 and the Regulation on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on 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》) promulgated by the MOF, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for 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》) issued on August 21, 2006, effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which was last amended as of December 29, 2018, and Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which was last amended on April 23, 2019, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not effectively connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

Notice from the State Administration of Taxation on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) which was implemented by the SAT on November 6, 2008, further clarified that a

PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to overseas non-resident enterprise shareholders of H Shares for 2008 and subsequent years. In addition, Official Reply from the State Administration of Taxation on Issues Concerning the Levying of the Corporate Income Tax on Dividends Derived by Non-Resident Enterprises from B Shares, Etc. (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued and implemented by the SAT on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for 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》) entered into on August 21, 2006, PRC Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Announcement of the State Taxation Administration on the Implementation of the Protocol V to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<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》) issued by the SAT and effective on December 6, 2019 states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit, unless it can be confirmed that the tax benefit granted under such circumstances comply with the principles and purposes of the relevant regulations. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in jurisdictions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC are entitled to a reduction of the corporate income taxes imposed on the dividends received from PRC companies. The PRC currently has entered into treaties/arrangements regarding avoidance of double taxation with a number of countries and regions including HK, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Value-Added Tax ("VAT") and Local Additional Tax

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in Notice of the Ministry of Finance and the State Administration of Taxation on Several Policies concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the value-added tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued Notice of the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable 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》) (No. 167 [2009] of the Ministry of Finance), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (No. 70 [2010] of the Ministry of Finance) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income 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 avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective on July 1, 2022, the 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 purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》).

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied in China under the PRC laws.

Taxation in Hong Kong

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by our company.

Profit Tax

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

AFRC Transaction Levy

The AFRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

FOREIGN EXCHANGE CONTROL IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange controls and cannot be freely converted into foreign currency. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to Regulation of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that PRC will not impose any restriction on international current payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange (《結匯、售匯及付匯管理規定》) ([1996] No. 210 of the People's Bank of China June 20, 1996) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations do not impose any restrictions on convertibility of foreign exchange under current items, while imposes restrictions on foreign exchange transactions under capital items.

According to the Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) (Announcement No. 16 [2005] of the People's Bank of China), which was issued 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 Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carry foreign exchange business or institutions that carry settlement and sale business.

Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (No. 11 [2015] of the State Council) promulgated on October 23, 2014 has canceled the approval requirement of the SAFE and it branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (No. 54 [2014] of the State Administration of Foreign Exchange), pursuant to which a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Management 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》) (No. 13 [2015] of the State Administration of Foreign Exchange), which came into effect on June 1, 2015. The notice has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its local offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of 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結匯管理政策的通知》) (No. 16 [2016] of the State Administration of Foreign Exchange) issued by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (No. 3 [2017] of the State Administration of Foreign Exchange) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) (No. 28 [2019] of the SAFE), which 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, 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.

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 September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018 and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute legally binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), which was adopted on March 15, 2000 and amended on March 15, 2015 and March 13, 2023, the National People's Congress (the "**NPC**") and the Standing Committee of NPC (the "**SCNPC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's Congress of the National Autonomous Region has the power to formulate autonomous regulations and separate regulations in accordance with the political, economic and cultural characteristics of the local ethnic groups, and make flexible provisions on the provisions of laws and administrative regulations, but shall not violate the basic principles of laws or administrative regulations, and shall not make flexible provisions on the provisions of the constitution law and the law of regional ethnic autonomy, as well as other relevant laws and administrative regulations on ethnic autonomy.

The ministries and commissions of the State Council, the People's Bank of China, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government, cities divided into districts and autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the Constitution or the Legislation Law.

The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant 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 ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The Standing Committees of 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 any inappropriate rules enacted by the people's governments at a lower level.

According to the constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《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》) implemented on June 10, 1981, if the scope prescribed by laws or decrees needs to be further defined or supplementary provisions need to be made, the SCNPC shall interpret them or make provisions by means of decrees. Issues involving the specific application of laws and decrees in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws and decrees in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Issues that do not involve the specific application of laws and decrees in judicial and procuratorial work shall be interpreted by the State Council and the competent departments. If the scope of local laws and regulations needs to be further defined or supplemented, the Standing Committee of the People's Congress of each province, autonomous region and municipality directly under the central government that promulgates such laws and regulations shall interpret or enact regulations. Issues involving the specific application of local laws and regulations shall be interpreted by the competent departments of the people's governments of all provinces, autonomous regions and municipalities directly under the central government.

PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法》), which is adopted on September 21, 1954 and subsequently amended on July 5, 1979, September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's courts based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》, the "**PRC Civil Procedure Law**") adopted on April 9, 1991 and amended on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the People's Republic of China is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a 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 two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC COMPANY LAW AND TRIAL ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- Company Law of the People's Republic of China (《中華人民共和國公司法》, the "**PRC Company Law**") which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023, respectively, and the latest revision will come into effect on July 1, 2024;

- Trial Administrative Measures of Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, the "Trial Administrative Measures") which were promulgated by the CSRC on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies.

Set out below is a summary of the major provisions of the PRC Company Law and the Trial Administrative Measures applicable to the Company.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription. It may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment 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. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisions on the Management of the Issuing and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares. A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

Increase of Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in the shareholders' assembly 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. The approval of the securities regulatory authority of the State Council must be obtained when a company launches a public offering of new shares. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures stipulated by the PRC Company Law:

- the company shall prepare a balance sheet and a list of properties;
- the reduction of registered capital must be approved by shareholders in the shareholders' assembly;
- the company shall inform its creditors of the reduction of capital within ten days, and publish an announcement in respect of the reduction in newspapers within thirty (30) days upon passing of the resolution approving the reduction of capital;
- creditors of the company may require the company to settle its debts or provide corresponding guarantees within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction of registered capital.

Repurchase of Shares

A company shall not purchase its own shares except under any of the following circumstances:

(1) reducing the registered capital of the company;

(2) merging with another company that holds its shares;

(3) using shares for employee stock ownership plan or equity incentives;

(4) a shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' general meeting on the merger or division of the company;

(5) using shares for converting convertible corporate bonds issued by the listed company; and

(6) it is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the bylaws or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within ten days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

Transfer of Shares

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, shareholders of a company are entitled to enjoy the return on equity, participate in important decision-making, select managers and enjoy other rights in accordance with the laws.

Shareholders' Assembly

The shareholders' assembly is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' assembly exercises the following powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or supervisors;
- to review and approve annual financial budget and final accounts proposed by the company;
- to review and approve the company's proposals on profit distribution and recovery of loss;
- to decide on any increase or reduction of the registered capital of the company;
- to decide on the company's issuance of bonds;

- to decide on merger, division, dissolution and liquidation of the company and other matters;

- to amend the company's articles of association; and

- other powers as specified in the articles of association.

An annual session of the shareholders' assembly shall be held once a year. An interim shareholders' assembly session shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number stipulated by the PRC Company Law or less than two thirds of the number specified in the articles of association;

- the losses of the company which are not recovered reach one-third of the company's total paid up share capital;

- as requested by shareholders alone or in aggregate holding 10% or more of the shares of the Company;

- when deemed necessary by the board of directors;

- when proposed by the board of supervisors; or

- other circumstances as specified in the articles of associations.

A session of the shareholders' assembly shall be convened by the board of directors and presided over by the chairman of the board of directors.

The notice to convene an annual session of the shareholders' assembly and an interim meeting of the shareholders' assembly shall be given 20 days and 15 days, respectively, before the date of such meeting pursuant to the PRC Company Law. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

There are no specific provisions in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' assembly. Shareholders alone or in aggregate holding more than 3% of the shares of the company may put forth interim proposals and submit the same in writing to the board of directors ten days before a shareholders' assembly is held. The board of directors shall notify other shareholders within two days after receiving such proposals, and submit the interim proposals to the meeting of the shareholders' assembly for review and approval if such proposals are within the scope of its duties and powers. The contents of the interim proposal shall be within the scope of the functions and powers of the shareholders' assembly, with clear topics and specific matters for resolutions.

The shareholders' assembly shall not make any resolution on any matter not listed in a notice as stipulated in either of the preceding two notices. Where holders of bearer shares intend to attend the shareholders' assembly, they shall deposit their share certificates with the company for a period beginning from five days prior to the convening of the meeting to the end of the meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' assembly have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights. An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' assembly pursuant to the provisions of the articles of association or a resolution of the shareholders' assembly. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the shareholders' assembly, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' assembly shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' assembly regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting:

(1) the increase or decrease of the registered capital of the Company;

(2) the division, spin-off, merger, dissolution or transformation of the company;

(3) any amendment of the Articles of Association.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' assembly. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of five to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following functions and powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution or change in the form of the company;
- to decide on the establishment of the Company's internal management structure;
- to appoint or dismiss the Company's general manager; and to appoint or dismiss the vice general manager and chief financial officer pursuant to the nomination of the general manager; and to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- to formulate the Company's basic management system; and
- to exercise any other power under the articles of association.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings;

(3) when the acts of director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Guidelines for the Articles of Association of Listed Companies, the manager, who reports to the board of directors, may exercise his/her powers:

(1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(2) to arrange for the implementation of the company's annual operation plans and investment proposals;

(3) to formulate proposals for the establishment of the company's internal management organs;

(4) to formulate the fundamental management system of the company;

(5) to formulate the company's specific rules and regulations;

(6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(8) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager(s), person-in-charge of financial, board secretary (in the case of a listed company) and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Board directors, supervisors, general managers and other senior management of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, general manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any director, supervisor, general manager and other senior management who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

Finance and Accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the MOF of the State Council. At the end of each financial year, a company shall prepare a financial report, which shall be audited and verified according to laws.

A company shall make available its financial statements for the inspection by the shareholders at least 20 days before the convening of the annual meeting of the shareholders' assembly. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders or the shareholders' assembly, the company may make an allocation to a discretionary common reserve from the after-tax profits. If the company's statutory surplus reserve is not enough to make up for the losses of the company for the previous year, the current year's profits shall first be used for making up the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and surplus reserves have been set aside, the remaining profits after-tax shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association. The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company in issue, and other amounts required by the MOF of the State Council to be allocated to the capital common reserve. The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve fund shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital prior to such conversion.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the shareholders' meeting, the shareholders' assembly or board of directors in accordance with the articles of association. The accounting firm is to be appointed for a term commencing from the conclusion of an annual meeting of the shareholders' assembly and ending at the conclusion of the next annual meeting of the shareholders' assembly. The accounting firm should be allowed to make representations when the shareholders' assembly conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm which it employs without any refusal, withholding and misrepresentation.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the articles of association approved by the resolution of the general meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations hall be handled according to law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' general meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner. The liquidation committee shall exercise the following functions and powers during the liquidation period:

(1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with any outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to handle the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

On February 17, 2023, upon the approval of the State Council, the CSRC promulgated the Trial Administrative Measures and five relevant guidelines, which became effect on March 31, 2023.

According to the Trial Administrative Measures, (i) where the PRC domestic enterprises directly or indirectly issue securities overseas or list their securities overseas shall file with the CSRC and submit relevant materials; if such PRC domestic enterprises fail to perform the filing procedures, or conceals important facts or fabricate any material content in the filing documents, they may be subject to administrative penalties such as being ordered to make corrections, given warnings and fines, and their controlling shareholders, actual controllers, directly responsible persons in charge and other directly responsible persons may also be subject to administrative penalties such as warnings and fines; (ii) the direct offering and listing overseas of a domestic enterprise refers to the overseas offering and listing by a joint stock limited company registered and established in the PRC; and (iii) any domestic joint stock limited company shall file with the CSRC within three working days after submitting an application for overseas listing. A PRC domestic enterprise that fails to complete the filing in accordance with the Trial Administrative Measures may be ordered by the CSRC to correct, given a warning, and imposed a fine not less than RMB1 million and not more than RMB10 million.

"Full Circulation" of H Shares

Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation."

An H-share listed company may apply for "Full Circulation" separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within ten days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within ten days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND OTHER RELEVANT REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In 1998, the State Council consolidated the two departments and the CSRC has since taken over the original functions of the Securities Commission.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The Securities Law came into force on July 1, 1999, and was revised for the first time on August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013, for the fourth time on August 31, 2014 and for the fifth time on December 28, 2019. This law is the first national securities law in China, which is divided into 14 chapters and 226 articles, regulating (including) the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies and the duties and responsibilities of the securities regulatory authority under the State Council. The Securities Law comprehensively regulates the activities of China's securities market. Article 224 of the Securities Law stipulates that a domestic enterprise shall comply with the relevant provisions of the State Council in issuing securities or listing its securities abroad directly or indirectly. Article 225 of the

Securities Law stipulates that the specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. At present, the shares (including H shares) issued and traded abroad are still subject to the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2017 revision) (《中華人民共和國仲裁法(2017年修正)》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is 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 on 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 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 Standing Committee of the NPC 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 Standing Committee of the NPC 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.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the 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》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the 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補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, 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.

Judicial judgment and its enforcement

According to the Arrangement of the Supreme People's Court between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008 (the "**Arrangement**"), in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the Supreme People's Court of PRC and the Hong Kong Government signed the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (the "**New Arrangement**"), which aims to establish a clearer and definitive mechanism for the recognition and enforcement of judgments in a wider range of civil and commercial cases between Hong Kong and Mainland China. The new arrangement terminates the requirement to enter into jurisdictional agreements for the mutual recognition and enforcement of judgments. The new arrangement came into effect on January 29, 2024 after the promulgation of the judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has replaced the Arrangement upon its entry into force.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as "**HKSFC**") issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as "**Shanghai-Hong Kong Stock Connect**") by the Shanghai Stock Exchange (hereinafter referred to as "SSE"), the Stock Exchange, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as "CSDCC") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

This appendix contains a summary of the principal provisions of the Articles of Association adopted on June 24, 2024, which will become effective on the date of [**REDACTED**] of the H Shares on the Stock Exchange. This Appendix is mainly designed to provide potential [**REDACTED**] with an overview of the Articles of Association of the Company, therefore, it may not contain the information that is important to potential [**REDACTED**]. As discussed in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display", the full Chinese version of the Articles of Association is available for inspection.

1. SHARES AND REGISTERED CAPITAL

Shares of the company are represented by share certificates. The shares of the Company shall be issued based on the principle of openness, fairness and impartiality and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The same price shall be paid for each of the shares subscribed for by all entities or individuals.

The Company shall not provide grants, loans, guarantees and other financial assistance for others to acquire shares of the Company or its parent company, except for the Company's implementation of the employee stock ownership plan or authorized by the general meeting or the board according to the Articles of Association.

The Company may, for the benefit of the Company, provide financial assistance to others for the acquisition of shares of the Company upon a resolution of the general meeting, or a resolution of the board of directors in accordance with the articles of association or the authorization of the general meeting, provided that the total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board of Directors shall be passed by at least two-thirds of all directors.

2. INCREASE AND REDUCTION IN CAPITAL AND REPURCHASE OF SHARES

Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws, regulations and the Hong Kong Listing Rules of the premise where the Company's shares are [**REDACTED**] stipulate otherwise upon resolution of the general meeting:

(1) [**REDACTED**];

(2) non-public offering;

(3) distributing bonus shares to its existing Shareholders;

(4) conversion of capital reserve into share capital;

(5) other methods specified by the laws and administrative regulations, the Hong Kong Listing Rules and approved by the CSRC.

The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the PRC Company Law, Hong Kong Listing Rules and other relevant requirements and the Articles of Association.

The Company shall not purchase its own shares, except in any of the following circumstances:

(1) To reduce the registered capital of the Company;

(2) To merge with another company that holds its shares;

(3) To use the shares in the employee share ownership plan or for share incentive;

(4) The shareholders disagreeing with the merger or division resolution made by the general meeting ask the Company to acquire their shares;

(5) To use the shares in the conversion of the convertible corporate bonds issued by the Company;

(6) Necessary for the Company to protect its value and the shareholders' equity.

3. SHARE TRANSFER

The Company shall not accept its own shares status of as collateral.

Shares that have been issued before the [**REDACTED**] shall not be transferred for a period of one year commencing from the date of [**REDACTED**] of the Company's shares on a stock exchange.

The directors, supervisors, senior officers of the Company shall regularly declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company in the same class held by them. The shares of the Company held by them shall not be transferred within one year as of the [**REDACTED**] of the shares of the Company. These people shall not transfer the shares of the company held by them within half of the year from their departure from the company. If the shares are pledged within the time limit for transfer prescribed by laws or regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

4. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the general meeting shall determine the equity registration date. Shareholders included in the register of shareholders at the close of business on the equity registration date shall be the entitled shareholders.

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to the number of shares held;

(2) to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at the general meetings in proportion to the number of shares held in accordance with laws;

(3) to supervise the Company's operations, and to put forward proposals and raise inquiries;

(4) to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association; to consult or copy the Articles of Association, the register of shareholders, the Company's bond stubs, minutes of general meetings, resolutions of the Board meetings and meetings of the Supervisory Committee, and financial and accounting reports;

(5) to participate in the distribution of the remaining assets of the Company according to the number of Shares held, in the event of the termination or liquidation of the Company;

(6) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their Shares;

(7) other rights stipulated by laws, administrative regulations, department rules, Hong Kong Listing Rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(1) to comply with the laws, administration regulations and the Articles of Association;

(2) to pay subscription moneys for the Shares subscribed in accordance with the agreed manner of payment;

(3) no withdrawal from the Company except for the circumstances set out in the relevant laws and administrative regulations;

(4) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company.

Where the abuse of shareholders' rights causes any loss to the company or other shareholders, such abusive shareholder shall be liable for compensation in accordance with the law. Where shareholders of a company take advantage of the company's independent status or the limited liability of shareholders to disregard debts and seriously injure the interests of the company's creditors, such shareholders shall bear joint and several liability for the debts of the company.

5. GENERAL MEETINGS

(1) General provisions

The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

(1) To determine the Company's management policy and investment plan;

(2) To elect and replace directors and supervisors and to decide matters relating to the remuneration of directors and supervisors;

(3) To examine and approve reports of the Board;

(4) To examine and approve reports of the Supervisory Committee;

(5) To review and approve the Company's annual financial budget plan and final account plan;

(6) To examine and approve profit distribution plans and loss recovery plans of the Company;

(7) To make resolutions concerning the increase or reduction of the Company's registered capital;

(8) To make resolutions on the issuance of corporate bonds;

(9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(10) To amend the Articles of Association;

(11) To make resolution on the engagement or removal of the accounting firm and confirm its salary;

(12) To review and approve the guarantee matters set out Article 42 of the Articles of Association;

(13) To examine matters relating to the Company's purchase and/or sale of major assets within one year that exceed 30% of the audited total assets of the Company in the most recent period;

(14) To examine and approve matters concerning changes in the use of raised funds;

(15) To consider the equity incentive scheme and employee stock ownership plan;

(16) To examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings (the "EGM"). The annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

The Company shall convene an EGM within two months of the occurrence of any of the following circumstances:

(1) the number of directors is less than the number specified in the PRC Company Law or two-thirds of the number required by the Articles of Association;

(2) the uncovered loss of the Company reaches one-third of the total share capital of the Company;

- Shareholders holding at least 10% of the company's stocks make a request;

(3) the Board considers it necessary;

- the Supervisory Committee proposes such a meeting be held;

(4) any other circumstances stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

(2) Convening of the General Meeting

Independent non-executive directors (independent directors) have the right to propose to the Board to convene an EGM. For the proposal of independent directors of convening an EGM, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal. If agreeing to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

The Supervisory Committee has the right to propose to the Board to convene an EGM, and shall make such proposal in writing. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and this Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

When the Board of Directors agrees to convene an EGM, the Board of Directors shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the Supervisory Committee.

When the Board of Directors does not agree to convene an EGM, or does not provide written feedback within ten days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Supervisory Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors and the Supervisory Committee for convening of an EGM, and shall make such request to the Board of Directors and the Supervisory Committee in writing. The Board of Directors and the Supervisory Committee shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, make a decision on whether to convene the EGM or not within ten days upon receipt of the request and provide a written reply to the shareholders.

When the Board of Directors and the Supervisory Committee agree to convene an EGM, they shall, within five days after the Board resolution and the resolution of Supervisory Committee are made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.

When the Board of Directors and the Supervisory Committee do not agree to convene an EGM, or do not provide feedback within ten days upon receipts of the request, shareholders who individually or collectively holding more than 10% of the Company's shares for 90 consecutive days, shall have the right to convene and preside over such a meeting.

Where the laws, administrative regulations, departmental rules and securities regulatory rules of the premise where the Company's shares are [**REDACTED**] stipulate otherwise, the relevant provisions shall prevail.

(3) Proposals and Notices of General Meetings

When the Company convenes the general meeting, the Board of Directors, Supervisory Committee and shareholders holding more than 1% of the shares of the Company separately or jointly are entitled to submit proposals to the Company.

Limited by the Hong Kong Listing Rules, the shareholders holding more than 1% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the board of directors in writing ten days before the general meeting is held. The temporary proposal shall be determined and detailed. The board of directors shall supplement the notice of general meeting in two days after receiving the proposal and publicize the content of the temporary proposal, except that the temporary proposal violates laws, administrative regulations or the provisions of the articles of association of the Company, or does not fall within the scope of authority of the general meeting.

Save as specified above or according to the Hong Kong Listing Rules, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 53 of the Articles of Association.

(4) Holding of general meetings

All the shareholders recorded in the register as at the equity registration date have the right to attend the general meeting and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend the general meeting in person, and also may appoint a proxy to attend and vote on his/her behalf.

The general meeting is 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 deputy chairman of the Board of Directors shall preside over the meeting (if the company has two or more deputy chairmen, deputy chairmen is elected by more than half of the directors to preside over the board.) If the company does not have a vice chairman or unable or fails to perform his/her duties, a director elected by above half of the directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the deputy chairman of the Supervisory Committee shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a Supervisor elected by more than half of the Supervisors shall preside over the meeting.

If a General Meeting is convened by the shareholders, the convener shall elect a representative to preside over the meeting.

During the course of a general meeting, if the meeting presider violates the procedural rules such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the meeting presider to continue the meeting as long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

(5) Voting and Resolutions of General Meetings

The resolutions of a general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(1) reports of the Board of Directors and the Supervisory Committee;

(2) profit distribution proposals and proposals for making up losses formulated by the Board of Directors;

(3) appointment, dismissal and remuneration of the members of the Board and the Supervisory Committee and the method of payment of the remuneration;

(4) annual budget plan and final account plan of the Company;

(5) make resolution on the engagement or removal of the accounting firm and confirm its salary;

(6) other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

(1) Increase or reduction of the Company's registered capital;

(2) separation, division, merger, dissolution and liquidation of the Company;

(3) amendment of the Articles of Association;

(4) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding thirty percent of the latest audited total assets of the Company;

(5) the equity incentive scheme;

(6) other matters required to be resolved by way of a special resolution by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

6. DIRECTORS AND THE BOARD

(1) Directors

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current Board of Directors. Where a new elect is not yet available upon expiration of a director's term, or the number of the directors on the board is less than the quorum due to the resignation of a director within his term, such director, before the new elect takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, the articles or association and the regulatory rules of the place where the Company's shares are [**REDACTED**].

A director may be the general manager or other senior officer concurrently, provided that the total number of directors who concurrently serve as the general manager or other senior officers and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

(2) Board of Directors

The Board of Directors shall consist of 15 directors, three of whom shall be independent non-executive Directors. The Board of Directors shall have one chairman. The Board shall exercise the following functions and powers:

(1) to convene general meetings and presenting reports thereto;

(2) to implement resolutions adopted by the general meeting;

(3) to resolve on the Company's business plans and investment plans;

(4) to formulate the Company's annual financial budget plan and final account plan;

(5) to formulate the profit distribution plan and loss recovery plan of the Company;

(6) to formulate the plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities, and going public;

(7) to formulate the plans for merger, division, dissolution or change of corporate form of the company;

(8) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations of the Company within the authority granted by the general meeting;

(9) to determinate the setup of the Company's internal management structure;

(10) to appoint or dismiss the general manager, board secretary and other senior officers of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager, the secretary of the Board and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals for any amendment to the Articles of Association;

(13) to manage the information disclosure of the Company;

(14) to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

(15) to debrief the work report of the general manager of the Company and check the works of the general manager;

(16) to decide the Company's external guarantee matters outside the scope of the general meeting;

(17) to decide the purchase or sale of major assets or the amount of guarantee within one year does not exceed 30% of the Company's total audited assets in the latest period;

(18) to approve the matters required by the Board of Directors under laws, regulations, the Hong Kong Listing Rules and the Articles of Association (including but not limited to related (connected) transactions or other transactions);

(19) any other functions and powers granted by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the Articles of Association, and the general meeting.

The Board of Directors of the Company shall have the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All special committees are comprised of directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting professional. The members of the audit committee should be directors who do not hold senior management positions within the company. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

7. GENERAL MANAGER AND OTHER SENIOR OFFICERS

The Company shall have one general manager who shall be appointed or removed by the Board.

The general manager, deputy general manager, chief financial officer, board secretary and other persons expressly appointed by the board as the senior officers shall be the senior officers of the Company. The general manager shall be accountable to the Board and exercise the following powers and functions:

(1) to be in charge of the Company's production, operation and management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to prepare the proposal for the setup of the Company's internal management structure;

(4) to draft the Company's basic management system;

(5) to formulate the detailed rules and regulations of the Company;

(6) to propose to the board of directors the appointment or dismissal of the deputy general manager and chief financial officer;

(7) to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;

(8) according to the authorization of the Board of Directors and the general meeting, make decisions on the Company's foreign investment, asset disposal, related (connected) transactions and other matters;

(9) to decide and sign economic contracts in daily production and operation on behalf of the Company;

(10) to examine and approve the expenses incurred in the daily operation and management activities of the Company, and issue daily administrative and business documents;

(11) to draw up wage, welfare, reward and punishment plans for the Company's employees, and decide on the employment and dismissal of the Company's employees;

(12) other functions and powers granted by the Articles of Association or the Board of Directors.

The general manager and other senior managements shall attend meetings of the Board as an observer.

8. SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee is composed of 5 Supervisors. The Supervisory Committee shall have one chairman elected by more than half of all the supervisors and may have the vice chairman. The meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. In the event that the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

The Supervisory Committee shall be composed of shareholder representative Supervisors and employee representative supervisors, and the employee representative supervisors shall be not less than one-third of the members of the Supervisory Committee. The representatives of the staff and workers on the Supervisory Committee shall be democratically elected by the staff and workers through the congresses or assemblies of the workers and staff members or other forms.

The Supervisory Committee shall exercise the following power:

(1) to examine the Company's financial affairs;

(2) to monitor any acts of directors and senior officers of the Company in their performance of duties, and to propose the removal of directors and senior officers who have violated laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Articles of Association or resolutions of the general meeting;

(3) when the acts of any Directors or senior officers are found to damage the interests of the Company, to urge them to make correction;

(4) to propose the holding of EGMs and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting;

(5) to submit proposals to the general meeting;

(6) to review the periodical reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;

(7) to sue the director or senior officers in accordance with Article 33 of the Articles of Association and the relevant provisions of the PRC Company Law;

(8) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage a law firm, accounting firm, or other professional institutions to assist in their work with expenses borne by the Company;

(9) other functions and powers specified in the Articles of Association.

9. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations, and rules of the relevant authorities of the state.

The general meeting shall examine and approve the annual financial and accounting report within six months from the end of each fiscal year. The above financial and accounting reports are prepared in accordance with relevant laws, administrative regulations, departmental rules and the Hong Kong Listing Rules.

10. PROFIT DISTRIBUTION

The Company's profit distribution policy is:

(1) Profit distribution principle

The Company's profit distribution policy should pay attention to the reasonable return on investment to shareholders, and the profit distribution policy should maintain continuity and stability. The distribution of the Company's profits shall not exceed the scope of the accumulated distributable profits and shall not impair the Company's ability to continue operation.

Where a shareholder illegally occupies the company's funds, the Company shall deduct the cash dividend distributed by the shareholder in order to repay the funds occupied by the shareholder.

(2) Forms of profit distribution

The Company may distribute dividends in the form of cash or stock and actively promote the way of cash distribution. An interim cash dividend is possible.

11. APPOINTMENT OF ACCOUNTING FIRMS

The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year, which is renewable.

Employing an accounting firm for the Company shall be decided by the general meeting. The Board shall not appoint an accounting firm before a general meeting is held.

12. DISSOLUTION AND LIQUIDATION

The Company shall be dissolved if:

(1) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(2) the general meeting resolves to dissolve the Company by means of special resolution;

- a dissolution is required due to merger or division of the Company;

(3) the Company is revoked of business license according to law, ordered to close or canceled;

(4) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over ten percent of the whole voting rights can make a petition to the People's Court to dissolve the Company.

If a company is in the situation of paragraphs 1 and 2 of the preceding article and has not yet distributed its property to its shareholders, it may survive by amending its articles of association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the general meeting.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

13. AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(1) After the amendment of the PRC Company Law or relevant laws and administrative regulations, or the Hong Kong Listing Rules and the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations or listing rules of the stock exchange where the Company's share are [**REDACTED**];

(2) There has been a change to the Company, resulting in inconsistency with the content in the Articles of Association;

(3) The general meeting approves to amend the Articles of Association by a special resolution.

FURTHER INFORMATION ABOUT THE COMPANY

Establishment of the Company

On October 20, 2009, the predecessor of the Company, Botai Yuezhen Electronic Equipment Manufacturing was established as a limited liability company under the laws of the PRC. On December 2, 2021, the Company was converted into a joint stock limited liability company under the laws of the PRC with its corporate name changed to PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司). Our registered office is located at Room 3701, 866 East Changzhi Road, Hongkou District, Shanghai, PRC.

The Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Mr. Lee Chung Shing [has] been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

Changes in the Share Capital of the Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Subsidiaries" and Note 41 to the Accountants' Report as set out in Appendix I to this document.

Save as disclosed below, there has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this document.

Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (青島信泰銘馳私募股權投資基金合夥企業(有限合夥))

On December 26, 2023, Qingdao Xintai Mingchi Private Equity Investment Fund Partnership Enterprise (Limited Partnership) was established under the laws of the PRC with a capital commitment of RMB27,000,000.

PATEO CONNECT Technology (Changchun) Co., Ltd. (博泰車聯網科技(長春)有限公司)

On January 30, 2024, PATEO CONNECT Technology (Changchun) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB30,000,000.

PATEO CONNECT Technology (Xinchang) Co., Ltd. (博泰車聯網技術(新昌)有限公司)

On February 29, 2024, PATEO CONNECT Technology (Xinchang) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB50,000,000.

Botai Intelligent Manufacturing (Lu'an) Co., Ltd. (博泰智能製造(六安)有限公司)

On March 7, 2024, Botai Intelligent Manufacturing (Lu'an) Co., Ltd. was established under the laws of the PRC with a registered capital of RMB50,000,000.

Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) (北京國創未來能動私募股權投資基金(有限合夥))

On June 18, 2024, Beijing Guochuang Future Nengdong Private Equity Investment Fund (Limited Partnership) was established under the laws of the PRC with a capital commitment of RMB100,000,000.

PATEO CONNECT (Neijiang) Co. Ltd. (博泰車聯網(內江)有限公司)

On August 2, 2024, PATEO CONNECT (Neijiang) Co. Ltd. was established under the laws of the PRC with a registered capital of RMB30,000,000.

PATEO CONNECT Technology (Wuxi) Co. Ltd. (博泰車聯網技術(無錫)有限公司)

On September 6, 2024, PATEO CONNECT Technology (Wuxi) Co. Ltd. was established under the laws of the PRC with a registered capital of RMB300,000,000.

Resolutions of the Shareholders

Pursuant to the written resolutions of the Shareholders dated June 24, 2024, the Shareholders resolved that, among others:

(a) the issuance by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than [**REDACTED**]% of the total issued share capital of the Company as [**REDACTED**] by the [**REDACTED**] (without taking into account of any H Shares which may be issued upon the exercise of the [**REDACTED**]), and the grant of the [**REDACTED**] in respect of not more than [**REDACTED**]% of the number of H Shares initially available under the [**REDACTED**];

(c) subjects to the CSRC's approval, upon completion of the [**REDACTED**], [**REDACTED**] Domestic Shares in aggregate held by [Jiequan Rundong, Tianjin Jinmi, Shengying VC, Employee Incentive Platforms, Dongfeng Group, Yiqi Investment, Ningbo Yaxin, Shanghai Xiazhi, Nanjing Intelligent Headquarters Fund, Jianyuan Lujin, Shanghai Fuding Phase II, Jiaxing Chenyue, Qingdao Rongqian, Hubei Hongtai, Xinyu Yifeng, Jiangxi Wenxin No. 2, Jiaxing Jingkai, Hangzhou Fuyang, Jisheng Investment, Ningbo Yinxing, Changchun Changxing, Wuhan Karuitong, Suzhou Xinjing and Hangzhou Nansheng] will be converted into H Shares on a one-for-one basis;

(d) the granting of a general mandate to the Board to separately or concurrently allot, issue and deal with additional Shares, and the number of such Shares shall not exceed 20% of the Shares in issue as of the [**REDACTED**] Date;

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total H Shares in issue immediately following the completion of the [**REDACTED**] (without taking into account any H Shares that may be issued upon the exercise of the [**REDACTED**]) and the conversion of Domestic Shares into H Shares;

(f) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association which shall become effective on the [**REDACTED**] Date, and authorization to the Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the [**REDACTED**]; and

(g) authorization of the Board or its authorized individual(s) to handle all matters relating, among other things, to the [**REDACTED**], the issue and the [**REDACTED**] of H Shares on the Stock Exchange.

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities that are [**REDACTED**] on the Stock Exchange.

Reasons for repurchase

The Board considered that the repurchase of the H Shares when appropriate would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

Registered capital

As of the Latest Practicable Date, the registered capital of the Company was RMB139,554,349, comprising 139,554,349 Domestic Shares in issue of nominal value RMB1.00 each.

Exercise of the general mandate to repurchase H Shares

Subject to the completion of the [**REDACTED**], the Board was granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase H Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(ii) the revocation or variation of the mandate under the resolution at any general meeting of the Company.

The exercise in full of the general mandate to repurchase H Shares would result in a maximum of [**REDACTED**] H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the total H Shares in issue as at the [**REDACTED**] Date (on the basis of [**REDACTED**] H Shares to be issued under the [**REDACTED**] (without taking into account any H Shares that may be issued upon the exercise of the [**REDACTED**]) and the conversion of [**REDACTED**] Domestic Shares into H Shares).

Source of funds

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the applicable laws, rules and regulations of the PRC and the Listing Rules. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Suspension of repurchase

A [**REDACTED**] company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

Close associates and core connected persons

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the general mandate to repurchase H Shares is approved, to sell any H Shares to our Company.

No core connected person of the Company has notified the Company that they have a present intention to sell any H Shares to the Company, or have undertaken to do so, if the general mandate to repurchase H Shares is approved.

A [**REDACTED**] company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

Status of repurchased Shares

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the H Shares repurchased by the Company may be cancelled or transferred within certain period and/or held as treasury shares subject to the Company's capital management needs at the relevant time of the repurchases.

Takeover implications

If, as a result of any repurchase of H Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase H Shares.

General

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares immediately prior to the completion of the [**REDACTED**]. Neither the explanatory statement on repurchase of our own securities nor the proposed share repurchase has any unusual features.

If the general mandate to repurchase H Shares were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, the Directors do not propose to exercise the general mandate to repurchase H Shares to such an extent as would have a material adverse effect on our working capital or gearing position.

The Directors will exercise the general mandate to repurchase H Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the Explanatory Statement on Repurchase of Our Own Securities nor the proposed share repurchase has any unusual features.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We [have] entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that 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 considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry Date
1	PATEO	8183514	The Company	PRC	35	January 6, 2032
2	PATEO	8183679	The Company	PRC	35	December 27, 2031
3	PATEO	54537798	The Company	PRC	35	January 6, 2032
4	PATEO	54536861	The Company	PRC	9	November 6, 2031
5	博泰	8183520	Shanghai PATEO Yuezhen	PRC	35	February 20, 2034

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry Date
6	博泰	8183516	Shanghai PATEO Yuezhen	PRC	42	March 13, 2033
7	博泰	26181515	Shanghai PATEO Yuezhen	PRC	9	July 6, 2029
8	博泰	31607457	Shanghai PATEO Yuezhen	PRC	12	May 13, 2031
9	博泰	36885449	Shanghai PATEO Yuezhen	PRC	9	January 6, 2031
10	博泰	52378682	Shanghai PATEO Yuezhen	PRC	42	January 6, 2031
11	博泰	54517645	Shanghai PATEO Yuezhen	PRC	35	January 6, 2031

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
1	A routing method, microservice system, device and storage medium (一種路由方法、微服務系統、設備及存儲介質)	PATEO CONNECT Nanjing	CN202311518483.X	PRC	Invention	February 27, 2024
2	Video stream display method, apparatus, device and storage medium (視頻流顯示方法、裝置、設備及存儲介質)	PATEO CONNECT Nanjing	CN202311463683.X	PRC	Invention	January 26, 2024
3	A scheduling method, scheduling system and storage medium (一種調度方法、調度系統及存儲介質)	PATEO CONNECT Nanjing	CN202311480660.X	PRC	Invention	January 26, 2024
4	Voice control method, apparatus, device and storage medium (語音控制方法、裝置、設備及存儲介質)	PATEO CONNECT Nanjing	CN202211281999.2	PRC	Invention	November 3, 2023

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
5	An audio management method, apparatus, system and computer storage medium (一種音頻管理方法、裝置、系統及計算機存儲介質)	PATEO CONNECT Nanjing	CN202011008154.7	PRC	Invention	March 24, 2023
6	Methods, computing devices and computer storage media for vehicle interaction (用於車輛交互的方法、計算設備和計算機存儲介質)	PATEO CONNECT Nanjing	CN202110175165.2	PRC	Invention	August 30, 2022
7	Vehicle-mounted terminal, method and system for adding a description to a vehicle location (車載終端、為車輛位置添加說明的方法與系統)	PATEO CONNECT Nanjing	CN201010616494.8	PRC	Invention	June 15, 2016
8	Call centre and its point-of-interest search method and point-of-interest search system (呼叫中心及其興趣點搜索方法、興趣點搜索系統)	PATEO CONNECT Nanjing	CN201010613749.5	PRC	Invention	January 6, 2016
9	Instrument remote upgrade processing method and system (儀表遠程升級處理方法及系統)	The Company	CN201910079809.0	PRC	Invention	March 12, 2024
10	File transfer method, apparatus, computer device and storage medium (文件傳輸方法、裝置、計算機設備及存儲介質)	The Company	CN202110433120.0	PRC	Invention	March 1, 2024
11	Bluetooth-based vehicle control method, mobile terminal, in-vehicle TBOX and system (基於藍牙控制車輛方法、移動終端、車載TBOX及系統)	The Company	CN201810699473.3	PRC	Invention	February 27, 2024
12	An access request processing method and device (一種訪問請求處理方法及裝置)	The Company	CN202011000156.1	PRC	Invention	January 12, 2024
13	Intelligent recommendation method, device, server and storage medium based on the Vehicles Connectivity (基於車聯網的智能推薦方法、裝置、服務器及存儲介質)	The Company	CN202010759544.1	PRC	Invention	December 22, 2023
14	A location-based voice interaction method and system (一種基於位置的語音交互方法及系統)	The Company	CN202111233280.7	PRC	Invention	November 17, 2023

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
15	Method, system and apparatus for resource reallocation based on hard isolation (基於硬隔離的資源重分配方法、系統和設備)	The Company	CN202011446773.4	PRC	Invention	September 29, 2023
16	Audio playback methods, systems and devices based on hard isolation (基於硬隔離的音頻播放方法、系統和設備)	The Company	CN202011446821.X	PRC	Invention	September 29, 2023
17	A hard isolation realization system (一種硬隔離實現系統)	The Company	CN202011447127.X	PRC	Invention	September 29, 2023
18	Partition booting methods, systems and apparatus based on hard isolation (基於硬隔離的分區啟動方法、系統和設備)	The Company	CN202011448875.X	PRC	Invention	September 29, 2023
19	Road matching method and related devices (道路匹配方法及相關裝置)	The Company	CN202011329050.6	PRC	Invention	September 22, 2023
20	Method of cross-system communication for an application and related apparatus (應用程序跨系統通信方法及相關裝置)	The Company	CN202010097809.6	PRC	Invention	April 28, 2023
21	Audio playback methods and related products (音頻播放方法及相關產品)	The Company	CN201911386063.4	PRC	Invention	April 28, 2023
22	Intelligent car key system and its control method (智能車鑰匙系統及其控制方法)	The Company	CN201710761926.6	PRC	Invention	May 31, 2022
23	Vehicle search method and related equipment (尋車方法及相關設備)	The Company	CN201911278385.7	PRC	Invention	May 27, 2022
24	Vehicle data transmission, acquisition method and related apparatus (車輛數據發送、獲取方法及相關設備)	The Company	CN202011006444.8	PRC	Invention	November 26, 2021
25	Voice control device based on mobile terminal and its voice control method (基於移動終端的語音控制裝置及其語音控制方法)	The Company	CN201610033861.9	PRC	Invention	August 9, 2019
26	Fast start-up method for in-vehicle system based on Android system (基於Android系統的車載系統的快速啟動方法)	The Company	CN201310255835.7	PRC	Invention	October 2, 2018

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
27	Electronic payment method based on cloud data processing technology (基於雲數據處理技術的電子支付方法)	The Company	CN201110457906.2	PRC	Invention	April 3, 2018
28	In-vehicle terminal, implementation system, adaptation device and activation method for in-vehicle terminal upgrade (車載端，車載端升級的實現系統、適配裝置和啟動方法)	The Company	CN201110457660.9	PRC	Invention	January 12, 2018
29	An interactive message data processing system (一種互動消息數據處理系統)	The Company	CN201110457323.X	PRC	Invention	November 7, 2017
30	Method and apparatus for detecting the reliability of navigation paths based on fully automatic simulated navigation (基於全自動模擬導航的導航路徑可靠性檢測方法和裝置)	The Company	CN201210572404.9	PRC	Invention	November 7, 2017
31	A vehicle-side data processing system and a geographic information data processing platform (一種車載端數據處理系統及地理信息數據處理平台)	The Company	CN201110450035.1	PRC	Invention	November 7, 2017
32	Navigation device and navigation method (導航裝置及導航方法)	The Company	CN201110450071.8	PRC	Invention	December 14, 2016
33	Adaptation device, activation method and system for in-vehicle applications, in-vehicle terminal (車載應用的適配裝置、啟動方法和系統，車載端)	The Company	CN201110457345.6	PRC	Invention	August 10, 2016
34	Method of automatic mode selection for in-vehicle electronic systems (車載電子系統的模式自動選擇方法)	The Company	CN201010613629.5	PRC	Invention	June 22, 2016
35	In-vehicle information push service system and method (車載信息推送服務系統和方法)	The Company	CN201010622056.2	PRC	Invention	April 20, 2016
36	Vehicle information synchronization service system and method (車載信息同步服務系統和方法)	The Company	CN201010621307.5	PRC	Invention	March 30, 2016
37	Alerting method of vehicle status, in-vehicle terminal (車輛狀態的提醒方法、車載終端)	The Company	CN201110377107.4	PRC	Invention	January 6, 2016

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
38	In-vehicle system, in-vehicle information service system and in-vehicle information reminder method (車載系統、車載信息服務系統及車載信息提醒方法)	The Company	CN201110207672.6	PRC	Invention	October 7, 2015
39	Method and apparatus for providing road condition event information, navigation system (路況事件信息的提供方法及裝置、導航系統)	The Company	CN201210572874.5	PRC	Invention	August 26, 2015
40	System and method for providing music files and music information (音樂文件及音樂信息的提供系統及提供方法)	The Company	CN201010210075.4	PRC	Invention	July 15, 2015
41	Vehicle-mounted intelligent communication system (車載智能通信系統)	The Company	CN201010621322.X	PRC	Invention	April 8, 2015
42	Personalized music media information acquisition method and system (個性化音樂媒體信息獲取方法及系統)	The Company	CN201010572192.5	PRC	Invention	April 8, 2015
43	In-vehicle terminal of an integrated vehicle fault detection system and its data processing method (綜合車輛故障檢測系統的車載端及其數據處理方法)	The Company	CN201010622028.0	PRC	Invention	February 11, 2015
44	Method and apparatus for controlling an in-vehicle system, in-vehicle system (車載系統的控制方法和裝置、車載系統)	The Company	CN201010572509.5	PRC	Invention	October 22, 2014
45	Apparatus and method for controlling the functional availability of an in-vehicle system based on vehicle speed (基於車速控制車載系統功能可用性的裝置和方法)	The Company	CN201010136836.6	PRC	Invention	September 10, 2014
46	Apparatus and method for providing alert information based on vehicle speed (基於車速提供提示信息的裝置和方法)	The Company	CN201010136852.5	PRC	Invention	February 27, 2013
47	Vehicle, in-vehicle device and its artificial intelligence-based scene information pushing method (車輛、車機設備及其基於人工智能的場景信息推送方法)	Shanghai PATEO Yuezhen	CN201810589706.4	PRC	Invention	May 3, 2022

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
48	Data configuration method, apparatus, medium and electronic device for vehicle connectivity data (用於車聯網數據的數據配置方法、裝置、介質及電子設備)	Shanghai PATEO Yuezhen	CN202011163137.0	PRC	Invention	March 25, 2022
49	Authorized Bluetooth key activation method and system, storage medium and T-BOX (被授權的藍牙鑰匙激活方法及系統、存儲介質及T-BOX)	Shanghai PATEO Yuezhen	CN201910083720.1	PRC	Invention	November 2, 2021
50	A method, system and server for differential updating of map data (一種地圖數據的差分更新方法、系統及服務器)	Shanghai PATEO Yuezhen	CN201611166036.2	PRC	Invention	December 4, 2020
51	A map display method, system and electronic device (一種地圖顯示方法、系統及電子設備)	Shanghai PATEO Yuezhen	CN201611050885.1	PRC	Invention	October 27, 2020
52	Method and system for generating a navigation map, and an electronic device with such a system (導航地圖的生成方法和系統，及具有該系統的電子設備)	Shanghai PATEO Yuezhen	CN201610023946.9	PRC	Invention	October 16, 2020
53	A differential update method, system and server for path data (一種路徑數據的差分更新方法、系統及服務器)	Shanghai PATEO Yuezhen	CN201611166008.0	PRC	Invention	October 13, 2020
54	A method and system for obtaining road condition information of regional roads (一種區域道路的路況信息獲取方法和系統)	Shanghai PATEO Yuezhen	CN201610023750.X	PRC	Invention	July 3, 2020
55	In-vehicle device activation method and activation system (車載設備激活方法及激活系統)	Shanghai PATEO Yuezhen	CN201110298582.2	PRC	Invention	February 8, 2017
56	In-vehicle devices and methods of prompting in-vehicle devices (車載設備及車載設備的提示方法)	Shanghai PATEO Yuezhen	CN201110372057.0	PRC	Invention	April 20, 2016
57	In-vehicle device and in-vehicle video control method (車載設備及車載視頻控制方法)	Shanghai PATEO Yuezhen	CN201110353025.6	PRC	Invention	March 30, 2016
58	Service system and its user rights activation method (服務系統及其用戶權限激活方法)	Shanghai PATEO Yuezhen	CN201110296261.9	PRC	Invention	February 24, 2016

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
59	In-vehicle terminal and vehicle monitoring system (車載終端及車輛監控系統)	Shanghai PATEO Yuezhen	CN201110335608.6	PRC	Invention	October 7, 2015
60	Method for confirming service authority of in-vehicle equipment and in-vehicle service system (確認車載設備服務權限的方法及車載服務系統)	Shanghai PATEO Yuezhen	CN200910247977.2	PRC	Invention	April 8, 2015
61	User management method and system based on in-vehicle equipment (基於車載設備的用戶管理方法及系統)	Shanghai PATEO Yuezhen	CN201010169180.8	PRC	Invention	April 8, 2015
62	In-vehicle system, service platform and method of binding user and in-vehicle device information (車載系統、服務平台及用戶與車載設備信息的綁定方法)	Shanghai PATEO Yuezhen	CN200910247982.3	PRC	Invention	April 8, 2015
63	An in-vehicle roadbook application method (一種車載路書應用方法)	Shanghai PATEO Yuezhen	CN201010144101.8	PRC	Invention	April 8, 2015
64	Media kit playback methods and players (媒體包的播放方法和播放器)	Shanghai PATEO Yuezhen	CN200910247973.4	PRC	Invention	December 17, 2014
65	User identification method and identification system (用戶身份確認方法及確認系統)	Shanghai PATEO Yuezhen	CN201010168998.8	PRC	Invention	December 17, 2014
66	Method, service centre and system for processing life guide data for in-vehicle systems (用於車載系統的生活指南數據處理方法、服務中心及系統)	Shanghai PATEO Yuezhen	CN201010168923.X	PRC	Invention	December 17, 2014
67	In-vehicle terminal access management system and management method (車載終端訪問管理系統及管理方法)	Shanghai PATEO Yuezhen	CN201010144317.4	PRC	Invention	December 17, 2014
68	Method of binding a target file to its associated information and method of finding associated information (目標文件與其關聯信息的綁定方法及關聯信息的查找方法)	Shanghai PATEO Yuezhen	CN200910247972.X	PRC	Invention	September 10, 2014

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Authorization date
69	Method and apparatus for providing and obtaining in-vehicle music and in-vehicle music transmission system (車載音樂的提供、獲取方法和裝置以及車載音樂傳輸系統)	Shanghai PATEO Yuezhen	CN201010140344.4	PRC	Invention	July 16, 2014
70	In-vehicle device, in-vehicle system and in-vehicle login method (車載設備、車載系統及車載登錄方法)	Shanghai PATEO Yuezhen	CN201010111155.4	PRC	Invention	March 5, 2014
71	Volume balance adjustment method and adjustment device (音量平衡的調整方法及調整裝置)	Shanghai PATEO Yuezhen	CN201010169174.2	PRC	Invention	January 15, 2014
72	In-vehicle device user automatic registration method, service platform, and in-vehicle system (車載設備用戶自動註冊方法、服務平台以及車載系統)	Shanghai PATEO Yuezhen	CN201010111176.6	PRC	Invention	January 1, 2014
73	In-vehicle device, in-vehicle system and in-vehicle login method (車載設備、車載系統及車載登錄方法)	Shanghai PATEO Yuezhen	CN200910247970.0	PRC	Invention	December 11, 2013
74	Display control method and apparatus for volume operation of an in-vehicle system (車載系統音量操作的顯示控制方法和裝置)	The Company	CN201010136840.2	PRC	Invention	April 24, 2013
75	A mobile terminal and its control method, device and storage medium (一種移動終端及其控制方法、裝置和存儲介質)	Shanghai Qinggan Intelligent	CN201910450820.3	PRC	Invention	July 18, 2023
76	Method and system for realizing in-vehicle TBOX, vehicle, Bluetooth key (車載TBOX、車輛、藍牙鑰匙的實現方法及系統)	Shanghai Qinggan Intelligent	CN201811378721.0	PRC	Invention	April 15, 2022
77	A key, a control method and system, and an electronic device (一種鑰匙、一種控制方法和系統、及一種電子設備)	Shanghai Qinggan Intelligent	CN201610396742.X	PRC	Invention	May 5, 2020
78	Communication methods, systems and message servers (通信方法、系統及消息服務器)	Shanghai Qinggan Intelligent	CN201611259386.3	PRC	Invention	January 3, 2020
79	In-vehicle system and its power management method and power management device (車載系統及其電源管理方法和電源管理裝置)	Shanghai Qinggan Intelligent	CN201010573058.7	PRC	Invention	October 22, 2014

Copyright

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business:

No.	Copyright	Place of registration	Owner	Registration date
1	Intelligent in-vehicle product system upgrade software (智能化車載產品系統升級軟件)	PRC	Shanghai Qinggan Intelligent	January 1, 2017

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain name which we considered to be material to our business:

No.	Domain name	Owner	Expiry date
1	pateo.com.cn	Shanghai PATEO Yuezhen	February 20, 2026

FURTHER INFORMATION ABOUT THE DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

Particulars of Directors' and Supervisors' Service Contracts

We [have] entered into a service contract or a letter of appointment with each of the Directors and Supervisors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts and letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of the Group.

Remuneration of Directors and Supervisors

For details of the remuneration of Directors and Supervisors, see "Directors, Supervisors and Senior Management — Directors' and Supervisors' Remuneration and Remuneration of the Five Highest-paid Individuals" and Note 13 to the Accountants' Report included in Appendix I to this document.

Disclosure of Interests

Interests of the Directors, Supervisors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the conversion of the Domestic Shares into H Shares, so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, once the H Shares are [**REDACTED**] on the Stock Exchange.

Name	Position	Nature of interest	Number and description of Shares held	Approximate percentage of shareholding in the relevant type of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[1]
Mr. Ying	Founder of the Group, chairman of the Board, executive Director, and general manager of the Company	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		Interest in controlled corporation[2]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Domestic Shares and (ii) [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be issued upon the exercise of the [**REDACTED**]).

(2) As of the Latest Practicable Date, Mr. Ying was the general partner of our Employee Incentive Platforms. As a result, Mr. Ying was deemed to be interested in the [**REDACTED**] Shares held by these Employee Incentive Platforms under the SFO.

Interests of substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who will, immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]) and the conversion of the Domestic Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall 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 who is, directly 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 meetings of the Company or any other member of the Group.

Agency Fees or [REDACTED] Received

The [**REDACTED**] will receive an [**REDACTED**] in connection with the [**REDACTED**]. See "[**REDACTED**]." Save in connection with the [**REDACTED**], no [**REDACTED**], discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no [**REDACTED**] has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Disclaimers

(a) None of the Directors, Supervisors nor any of the experts referred to in "Qualifications of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within 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 "Qualifications of Experts" below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group;

(c) None of the Directors or their respective close associates or the Shareholders who to the knowledge of the Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as the Directors are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of the Group.

Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1,750,000 to act as the sponsors to the Company in connection with the [**REDACTED**].

Preliminary Expense

The Company did not incur any material preliminary expense.

Promoters

The promoters of the Company are all then 30 shareholders of the Company as of October 12, 2021 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] or the related transactions described in this document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Guotai Junan Capital Limited	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CMB International Capital Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licenced corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants (Public Interest Entity Auditors registered in accordance with the Financial Reporting Council Ordinance)
Jingtian & Gongcheng	PRC Legal Advisor

Name	Qualification
China Insights Industry Consultancy Limited	Independent Industry Consultant
Hogan Lovells	U.S. Export Control Legal Advisor

Consents of Experts

Each of the experts referred to in "Qualification of Experts" above [has given and has not withdrawn] its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as 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 Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) save as disclosed in "History, Development and Corporate Structure — Establishment and Corporate Development," and "— Changes in the Share Capital of Our Subsidiaries" above, within the two years immediately preceding the date of this document, no share or loan capital or debenture of the 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 partially paid other than in cash or otherwise;

(b) no share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) the Company or any of its subsidiary has not issued nor agreed to issue any founder or management or deferred shares;

(d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) save as disclosed in "Business — Manufacturing — Manufacturing Facilities — Xiamen Manufacturing Center," there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this document;

(h) no part of the equity or debt securities of the Company, if any, is currently [**REDACTED**] on or [**REDACTED**] in on any stock exchange or [**REDACTED**] system, and no such [**REDACTED**] or permission to [**REDACTED**] in on any stock exchange other than the Stock Exchange is being or is proposed to be sough;

(i) the Company has no outstanding convertible debt securities or debentures;

(j) the Company is a joint stock limited company and is subject to the PRC Company Law; and

(k) the English text of this document shall prevail over its respective Chinese text.

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:

1. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents of Experts"; and

2. 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 Contract."

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.pateo.com.cn** during a period of 14 days from the date of this document:

1. the Articles of Association;

2. the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in "Appendix I;"

3. the audited consolidated financial statements of the Company for the years ended December 31, 2022, 2023 and 2024;

4. the report prepared by Deloitte Touche Tohmatsu on the [**REDACTED**] financial information of our Group, the text of which is set out in "Appendix II;"

5. the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about Our Business — Summary of Material Contract;"

6. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents of Experts;"

7. the service contracts referred to in "Appendix VI — Statutory and General Information — Further Information about the Directors, Supervisors and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts;"

8. the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;

9. the legal memorandum prepared by Hogan Lovells, our U.S. Export Control Legal Advisor;

10. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed "Industry Overview;" and

11. the PRC Company Law, the PRC Securities Law, the Trial Measures and Guidelines for Articles of Association of Listed Companies issued by the CSRC, together with their unofficial English translations.