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Application Proof of

Megatronix Inc.

鎂佳股份有限公司*

(the "**Company**")

(A company incorporated in the Cayman Islands with limited liability)

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Megatronix Inc.
鎂佳股份有限公司*

(A company incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	**[REDACTED] (subject to the [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] (subject to reallocation)**
Number of [REDACTED]	:	**[REDACTED] (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	:	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**US$0.0001 per Share**
[REDACTED]	:	**[REDACTED]**

***Joint Sponsors, Overall Coordinators,* [REDACTED]**

(In alphabetical order)

CICC 中金公司 citi Deutsche Bank

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The Overall Coordinators, on behalf of the **[REDACTED]** may, where considered appropriate and with the Company's consent, reduce the number of Hong Kong **[REDACTED]** and/or the indicative **[REDACTED]** below that is stated in this Document (which is HK$**[REDACTED]** to HK$**[REDACTED]**) at any time on or prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, an announcement will be published on the website of our Company at **www.megatronix.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the **[REDACTED]** will be canceled and relaunched at the revised number of **[REDACTED]** and/or the revised **[REDACTED]** in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the **[REDACTED]**. Further details are set forth in the sections headed "Structure of the **[REDACTED]**" and "**[REDACTED]**" in this Document.

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IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE(1)

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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CONTENTS

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to **[REDACTED]** *in our Shares. There are risks associated with any* **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in our Shares are set out in "Risk Factors". You should read that section carefully before you decide to* **[REDACTED]** *in our Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms and Conventions" in this Document.*

OVERVIEW

Our Mission

To drive automotive innovation—smarter software, faster development, inclusive tech.

Our Vision

Think with AI, create beyond.

Who We Are

We are a leading, innovation-driven automotive technology company, committed to redefining the future of mobility. We focus on developing and delivering AI-powered integrated domain control solutions that enable automakers to build the next generation of software-defined vehicles.

We started with a simple, yet powerful belief: AI has the power to reshape the world—but only if it finds the right place to land. Long before AI became a buzzword it is today, we were focused on a more challenging question: where could AI truly deliver on its promise? Where could it not just exist, but thrive—both technically and commercially, and at scale?

We found that answer in the automotive industry. Despite its legacy and complexity, we saw the car—especially the cockpit—as the perfect space for intelligent transformation. Vehicles are not just machines; they are deeply woven into people's daily life. They are highly interactive, increasingly expected to be responsive and connected. In this context, AI does not just make sense—it is essential.

We built Megatronix to bring this vision to life. Today, we specialize in AI-powered integrated domain control solutions that transform the way OEMs deliver next-generation vehicles, making mobility smarter, safer, and more intuitive. While our current focus is on automotive, the technologies and expertise we are developing—modular software architecture, seamless integration of intelligent features within hardware, and more—are designed to not only incrementally upgrade yesterday's car, but also build the foundation for tomorrow's intelligent mobility—and beyond.

In tackling the challenges of the automotive industry, we confronted one of its toughest and most persistent obstacles: the Feature-Performance-Cost (FPC) Trilemma—the challenge of simultaneously achieving advanced feature integration, high system performance, and cost efficiency, where improving one element often means compromising another. For decades, the FPC Trilemma has been a fundamental obstacle to the progress in developing the next generation of intelligent connected vehicles.

We believe we have successfully tackled this long-standing trilemma and turned it into an opportunity. Our proprietary solutions seamlessly blend advanced features, high system performance, and cost efficiency—all without compromise—enabling automakers to cost-effectively transform smart cockpit from concept to reality.

The key lies in our unparalleled R&D efficiency. While many industry players pursue innovation by simply expanding headcount or increasing spending, we have cultivated an organizational DNA built on efficiency, agility, and deep technical expertise. Our engineers bridge automotive and computer science to harness the power of cutting-edge technologies such as AI to accelerate every stage of the development cycles—often achieving speeds several times faster than the industry average with leaner teams. This gives us the ability to deliver state-of-the-art solutions to OEMs, helping them get to market faster, at lower cost, and with the quality that meets—and often exceeds—the expectations of today's consumers.

We believe our success is also built on two key pillars:

- ***First, our Smart Cockpit + X product philosophy***. We start with a high-performance smart cockpit at the core and then seamlessly integrate a growing suite of intelligent features tailored for intelligent connected vehicles. From our AI-powered voice assistant, driver and occupant monitoring systems (DMS/OMS) to advanced driver assistance system (ADAS)-parking, ADAS-driving, telematics, Over-the-Air (OTA) update, even features yet to be imagined—every module is engineered for seamless plug-and-play integration with our solutions, ensuring consistent quality, rapid customization, and scalable deployment across multiple OEMs and vehicle models.

- ***Second, our modular, reusable software architecture***. We have built our architecture around modular, reusable "building blocks"—software components that have been rigorously tested and optimized for real-world performance. Instead of reinventing the wheel for every design-win, we draw from a library of pre-developed modules, from operating systems and AI applications to connectivity features, all designed for seamless integration with OEMs' vehicle models. This means faster time-to-market, lower development costs, and more opportunities for OEMs to differentiate their vehicles.

We have experienced strong growth since 2022 when the first vehicle equipped with our solutions reached mass-production. As of the Latest Practicable Date, our solutions have been deployed across a wide range of vehicles from leading OEMs, including Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. In 2024, our solutions powered one in approximately every ten new vehicles in China equipped with a smart cockpit domain control system—a testament to the trust OEMs place in us and our solutions' proven quality and scalability.

And we are just getting started. Building on this momentum, we are expanding both our domestic market share and our global footprint. Backed by our strong technology, robust product capabilities, and proven track record in China, we are partnering with international OEMs to bring our solutions to new markets worldwide. By the end of 2025, we expect to see our technology deployed in more than 40 countries and regions. This rapid expansion not only highlights the universal power of our approach to the FPC Trilemma but also reinforces our position as a trusted partner to OEMs building the next generation of software-defined vehicles for tomorrow.

OUR OFFERINGS AND BUSINESS MODEL

We offer integrated *Smart Cockpit + X* domain control solutions. Integrated domain control solutions embed multiple software-enabled intelligent vehicle functions—smart cockpit, ADAS-parking, ADAS-driving, telematics, OTA update, and more—into a unified physical domain controller for integration into vehicles.

We derive revenue primarily from sales of our integrated domain control solutions, calculated based on the number of integrated smart domain controllers embedded with our solutions that are delivered to OEMs. Our revenue is closely tied to the volume of domain controllers embedded with our integrated solutions which, in turn, typically corresponds with the number of OEMs and their vehicle production volume. As a result, as we expand our collaborations with leading OEMs—both domestically and internationally—we expect our revenue to grow alongside the increasing adoption of our solutions. In addition, as more OEMs adopt our solutions, we believe we are well-positioned to capture additional revenue opportunities from software licensing and ongoing support and services. For more details of our key operating data during the Track Record Period, see "Financial Information—Key Operating Data."

For further details about our offerings and business model, see "Business—What We Offer—Our Design Philosophy: Software is Key," "—Turning Complexity into Simplicity: Our Standardized Modules," and ""—Breaking Down Our Solutions: What We Offer Exactly to OEMs."

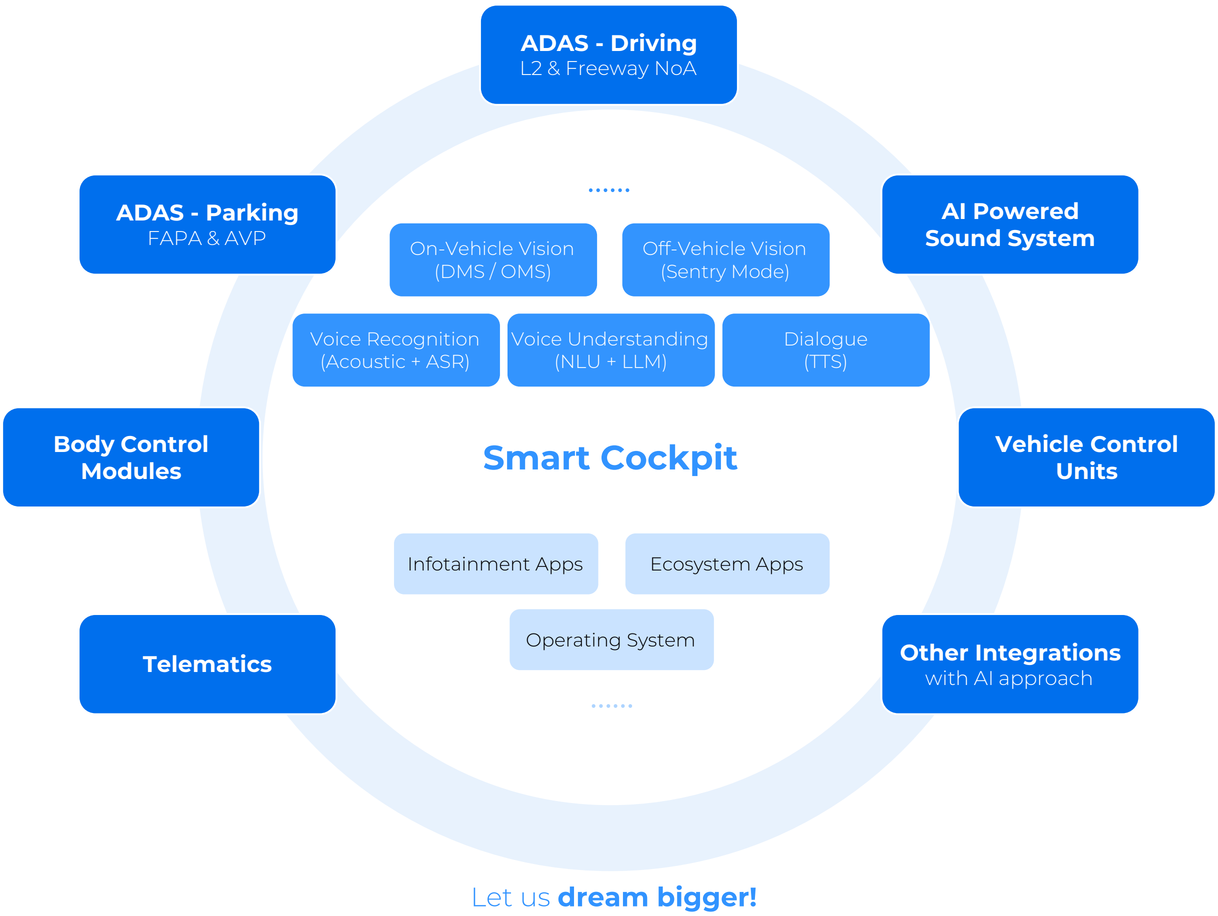
Beyond the Cockpit: Building the Smart Cockpit + X

At Megatronix, efficiency isn't just a goal—it is woven into our DNA. We believe that to lead in a world of software-defined vehicles, technology has to move faster, adapt smarter, and integrate seamlessly with evolving OEM needs. That is why we have reimagined the way automotive software is developed—infusing AI and modular frameworks into every stage of our workflow.

Central to this transformation is our deep integration of AI, which forms the backbone of our R&D process. Much of our software is created using proprietary AI tools that we have developed in-house, and our automated testing and digital management technologies have improved our test development efficiency by approximately tenfold. This commitment to AI-driven development fuels our ability to bring new features and functionalities to market at an accelerated pace—giving our OEM customers the agility to stay ahead in a hyper-competitive landscape. These tools empower our engineers to automate and accelerate testing, validation, and optimization at speeds far beyond traditional development cycles, and free them to focus on technology and product innovations and solving complex technical challenges.

This modular, AI-driven approach to R&D does not just make us faster; it fundamentally reshapes our product philosophy. At the heart of this vision is a bold ambition: transforming the in-cabin experience from a collection of siloed features into a fully integrated, intelligent ecosystem—the *Smart Cockpit + X* concept.

The diagram below illustrates how our smart cockpit sits at the center of a deeply integrated architecture that brings together intelligent interaction, vehicle control, and cross-domain functionalities—connecting perception, dialogue, and decision-making to enable a superior experience.



The Core: Smart Cockpit

Our smart cockpit serves as the digital brain of the vehicle, seamlessly integrating software and hardware to deliver a powerful, intuitive experience. It brings together a wide range of AI-powered capabilities, including on-vehicles vision features (such as DMS), off-vehicle vision features (e.g., sentry mode), acoustic automatic speech recognition (ASR), and advanced voice understanding powered by natural language understanding (NLU) and large language models (LLM).

The "X" Modules: Elevating Intelligence Across Domains

Surrounding the cockpit core is our broad and expanding portfolio "X" modules, each purpose-built to enhance safety, comfort, and user engagement:

- *ADAS – driving*—Offers features such as Level 2+ Highway Pilot to improve safety;

- *ADAS – parking*—Guides the vehicle into parking spaces;

- *AI-powered sound system*—Delivers immersive 3D audio experiences and optimized experience to users, without the need of luxury audio equipment;

- *Body control modules (BCM)*—Coordinates lighting, door controls, rain wiper and other body-related features;

- *Vehicle control units (VCU)*—Coordinates safety functions, such as gear shifting, torque distribution, and braking control—to ensure optimal vehicle performance and passenger safety;

- *Telematics*—Delivers seamless connectivity and remote diagnostics, ensuring vehicles stay updated and optimized; and

- *Other Integrations*—Integrates our algorithm into existing sensors (e.g. cameras) to intelligently detect environment conditions without the need of extra sensors.

Beyond "X": A Future-Ready Framework

What truly differentiates our approach is our future-proof architecture—engineered to support continuous innovation. From next-generation connectivity and immersive in-cabin entertainment to autonomous driving capabilities and yet-to-be-invented features, our solution is designed to integrate seamlessly with emerging technologies as OEMs push the boundaries of what's possible. This modular, AI-powered foundation empowers us—and our customers—to adapt quickly to market shifts and consumer expectations, ensuring we stay ahead of the curve in an industry where innovation is the key to sustainable growth.

Our Strong Partnerships with Leading OEMs

China's automotive industry has grown rapidly and now stands as a major player on the global stage. As the industry has evolved, our customer base has expanded from domestic OEMs to include joint ventures and leading international automakers. By the end of 2024, we were collaborating with a diverse group of OEMs from China, East Asia, and the United States. Our current customers include some of the industry's most respected brands, such as Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. Many of the models equipped with our solutions have become top sellers in their respective segments, and we are proud to help accelerate their transition toward smarter, software-defined vehicles.

We have built strong, lasting relationships with our customers by supporting them through every stage of the vehicle lifecycle—from initial concept and design through R&D, production, and market launch to ongoing after-sales services. During the R&D phase, we collaborate closely with OEMs to integrate our solutions into their platforms, providing end-to-end support, including software-hardware design, technical consulting, and prototype testing. As vehicles enter production, we fine-tune system integration, perform validation testing, and ensure a smooth transition to mass production. Once vehicles are on the road, our partnership continues through over-the-air software updates and feature enhancements that keep vehicles at the forefront of performance and innovation.

Our solution has gained growing penetration over the years. This is evidenced by an increase of our wallet share—measured by our combined share of OEMs' total number of vehicles incorporating our solutions—with our top five customers increased from 1.2% in 2022 to 12.7% in 2024. We saw even more significant growth in our wallet share—measured by our combined share of their number of vehicles with domain control solutions—from 8.8% to 44.1% over the same period. As our customers continue to integrate our technology into their next-generation vehicles, we expect these partnerships to deepen even further, driving higher repurchase rates and reinforcing our role as a trusted, strategic technology partner.

MARKET LANDSCAPE

Integrated domain control solutions are increasingly shaping the future of both new energy vehicles and traditional internal combustion engine vehicles.

This momentum reflects a broader shift in the automotive industry, as OEMs respond to consumer demand for seamless connectivity, sophisticated human-machine interfaces, and personalized in-cabin experiences. Smart cockpits are increasingly viewed as the digital nerve center of the vehicle, orchestrating entertainment, connectivity, and safety features that define the next-generation driving experience. This transformation is part of a broader industry trend toward the integration of control domains that were once developed and managed separately—such as smart cockpit, ADAS-parking, ADAS- driving, telematics, OTA update, and more—into a unified, software-defined architecture. By bringing these systems together, automakers can improve overall system performance and enable more seamless, intelligent user experiences, including context-aware safety functions and personalized comfort features. Both global and China markets of integrated domain control solutions industry have and are expected to continuously experience robust growth.

- ***Global***. In terms of the number of new vehicles equipped with integrated domain control solutions, global market size reached around 11.3 million units in 2024 and is projected to reach 43.3 million units in 2029. In terms of revenue, the global market size of the integrated domain control solutions reached around RMB37.9 billion in 2024 and is projected to reach RMB274.2 billion in 2029, representing a CAGR of 43.8% from 2025 onward.

- ***In China***. Around 6.8 million new vehicles were equipped with integrated domain control solutions in 2024. By 2029, this figure is expected to further expand to 22.3 million units. Market size in terms of revenue of the China integrated domain control solutions reached around RMB21.5 billion in 2024 and is projected to reach RMB134.7 billion in 2029, representing a CAGR of 41.3% from 2025 onward.

Despite the strong demand, many OEMs continue to face the challenge of balancing feature, performance, and cost—the FPC Trilemma. We are uniquely positioned to help them overcome this. With deep expertise in proprietary modular design software architecture, we deliver customized, feature-rich, and value-for-money solutions that enable OEMs to differentiate their vehicles and respond quickly to evolving consumer expectations. Our leadership in China's intelligent domain control market, combined with our proven technology and strong OEM partnerships, positions us to capture significant global market share as the demand for integrated domain control solutions continue to accelerate.

KEY OPERATING DATA

The following table sets forth our key operating data as of the dates and for the periods indicated.

	As of / for the year ended December 31,		
	2022	2023	2024
Number of OEM customers(1)	7	10	12
Cumulative number of design-wins(2)	15	26	48
New design-wins(2)	8	11	23
Delivery volume (in units)(3)	120,106	637,980	634,337

Notes:

(1) The number of "OEM customers" for a given period refers to the number of OEMs that have purchased our solutions and, in the event an OEM purchases our solutions through one or more designated Tier-1 suppliers, such OEM, during that period.

(2) A "design-win" occurs when an OEM—or its designated Tier-1 supplier—selects our solution for integration into the design and development of a new vehicle model. Once selected, the solution typically undergoes a comprehensive validation process, including testing for performance, safety, and quality, before entering mass production. The "cumulative number of design-wins" as of a given date refers to the total number of design-wins we have secured since our inception through that date, excluding any that were later canceled or discontinued.

(3) "Delivery volume" for a given period represents the number of integrated smart domain controllers embedded with our solutions that were delivered to OEMs during that period for integration into mass-production vehicles.

In 2024, our delivery volume declined slightly compared to 2023, primarily due to the one-time impact from our strategic decision to discontinue relationship with the "Early OEM End-customer"—where we supplied basic domain controllers, as opposed to our integrated smart domain controllers—that we determined was no longer aligned with our long-term development objectives. For more information about this "Early OEM End-customer," see "Business—Our Customers—Major Customers—The Early OEM End-customer." Although this decision had a one-time impact on our delivery volume and revenue, it was part of our broader strategy to redirect resources toward customer engagement and design-wins that are better aligned with our long-term strategies. This proactive shift has quickly generated positive results, as evidenced by an increase of our gross profit margin from 12.1% in 2023 to 21.8% in 2024.

For the above reasons, we believe that excluding the contributions from such discontinued relationship better reflects the trajectory of businesses that align with our long-term strategies and provides more meaningful insights into our future business and financial performance. The table below sets forth our key operating data, after excluding the contribution from such discontinued relationship.

	For the years ended December 31,		
	2022	2023	2024
Delivery volume (in units, excluding the contributions from the discontinued relationship with the Early OEM End-customer)	38,421	236,033	609,983
Year-over-year change (%)	N/A	514.3	158.4
Revenue (RMB in millions, excluding the contributions from the discontinued relationship with the Early OEM End-customer)	146	628	1,359
Year-over-year change (%)	N/A	329.2	116.3

OUR STRENGTHS

Our strengths include: (i) market leader in smart vehicle solutions; (ii) dual reinforcing loops driving continuous innovations; (iii) exceptional industry insights and R&D efficiency (iv) trusted partner of blue-chip customers; and (v) strong engineering culture championed by visionary leadership. See "Business—Our Strengths."

OUR STRATEGIES

We are committed to sustainable, long-term growth by executing targeted strategies that capitalize on industry trends, strengthen customer relationships, and expand our global presence: (i) keep pushing the boundaries of innovation; (ii) growing our *Smart Cockpit + X* portfolio; (iii) strengthening existing ties and broadening market reach; (iv) deepening collaborations with our supply chain partners; and (v) pursuing global expansion. See "Business—Our Strategies."

CUSTOMER AND SUPPLIERS

We primarily sell *Smart Cockpit + X* solutions to OEMs, who design, develop, and manufacture passenger vehicles. To a lesser extent, we also offer our solutions to suppliers of OEMs in connection with their production of passenger vehicles.

Our current customers include some of the industry's most respected brands, such as Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. Many of the models equipped with our solutions have become top sellers in their respective segments. Our wallet share—measured by our combined share of their total number of vehicles incorporating our solutions—with our top five customers increased from 1.2% in 2022 to 12.7% in 2024. Furthermore, in vehicles equipped with domain control solutions, we see even more significant growth in our wallet share—measured by our combined share of their number of vehicles with domain control solutions—from 8.8% to 44.1% in our top five customers over the same period. This growth reflects the expanding adoption of our solutions across both existing and new vehicle platforms. As the industry has evolved, our customer base has expanded from domestic OEMs to include joint ventures and leading international automakers. By the end of 2024, we were collaborating with a diverse group of OEMs from China, East Asia, and the United States.

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 RMB359.9 million, RMB1,379.7 million, and RMB1,203.5 million, which accounted for 92.8%, 91.2% and 84.7% of our total revenue, respectively. For the same years, revenue from the largest customer amounted to RMB205.0 million, RMB801.6 million and RMB323.7 million, which accounted for 52.8%, 53.0% and 22.8% of our total revenue, respectively. Looking ahead, we will constantly evaluate and refine our customer portfolio and we expect our proportion of revenue from the top five customers will decrease in the future, as we further expand our market share. For details, see "Business—Our Customers."

During the Track Record Period, a significant portion of our revenue was derived from a limited number of customers. In particular, Customer A, a designated Tier-1 supplier to an OEM we refer to as the "Early OEM End-Customer," was our largest customer in both 2022 and 2023, accounting for approximately 52.8% and 53.0% of our total revenue, respectively. Through Customer A, we supplied basic domain controllers that were integrated into the Early OEM End-Customer's passenger vehicles. These domain controllers, while foundational in nature, were preloaded with software necessary to support basic intelligent vehicle functions. At the time, this cooperation offered strong strategic value to both parties: the Early OEM End-Customer benefited from immediate access to essential vehicle capabilities, and we were able to rapidly scale our business through high-volume orders—an important factor in building early traction in a highly competitive industry. As part of our early-stage go-to-market strategy, we made a deliberate decision to fulfill large-scale orders of basic domain controllers to the Early OEM End-Customer via Customer A. The relationship enabled us to validate our solutions at scale, build delivery capabilities, develop close supplier relationships, and establish a track record of commercial execution. However, as our product portfolio evolved and we began shifting toward more advanced and software-defined domain controllers with higher value-add and stronger monetization potential, we reassessed the long-term fit of our business relationship with Early OEM End-Customer. In early 2024, as we began to reach critical mass, we made a strategic decision to discontinue our business relationship with the Early OEM End-Customer in order to prioritize more sophisticated, software-centric solutions that are better aligned with our long-term strategies. We believe that our customer concentration during the Track Record Period reflects our deliberate strategy to rapidly scale in a highly competitive market, rather than any structural dependency or long-term risk. As our business continues to grow and we expand our portfolio of solutions to address a broader range of customer needs, we expect our customer base to continue diversifying.

We mainly procure two kinds of materials: (1) materials for production purpose, such as chips, structural components and software; and (2) materials for research purpose, such as prototypes. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery.

For the years ended December 31, 2022, 2023 and 2024, purchase amount from our top five suppliers in each period of the Track Record Period in aggregate was RMB391.7 million, RMB1,163.0 million and RMB935.9 million, representing 69.1%, 82.4% and 77.2% of our total purchase amount, respectively. In 2022, 2023 and 2024, purchase amount to our largest supplier in each period of the Track Record Period was RMB273.8 million, RMB680.7 million and RMB415.9 million, representing 48.3%, 48.2% and 34.3% of our total purchase amount, respectively. For details, see "Business—Our Suppliers."

OUR MANUFACTURER MODEL

We engage top-tier contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. We primarily operate under a contract manufacturing model, which allows us to retain control over key inputs while leveraging the scale and efficiency of specialized third-party manufacturers. Under this model, we procure critical raw materials ourselves and supply them to our contract manufacturing partners, who handle mass production. In parallel, we also engage in a smaller portion of our business under what we refer to as the OEM-affiliated manufacturer model. In this structure, we supply our software and select high-value components directly to the OEM's internal production unit, which completes final assembly and delivery. For more information, see "Business – Production."

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan), 107,972,688 Shares, representing approximately **[REDACTED]**% of the voting rights in our enlarged total issued Shares will be controlled by Dr. Zhuang. AIZL Holdings Limited, which holds **[REDACTED]**% of our enlarged total issued Shares, is owned as to (i) 38% by Jade & Roc Limited, a company incorporated in the BVI, which is in turn wholly owned by Trident Trust Company (HK) Limited, acting as the trustee for the A&A Family Trust, a family trust established by Dr. Zhuang (as settlor) for the benefit of her family members; and (ii) 62% by Dr. Zhuang. MJXY Holdings Limited, which holds **[REDACTED]**% of our total issued Shares, is wholly owned by Jade & Roc Limited. Accordingly, Dr. Zhuang, AIZL Holdings Limited and MJXY Holdings Limited will together be the Controlling Shareholders of our Company after the **[REDACTED]**.

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-**[REDACTED]** Investments. For details of the background of our Pre-**[REDACTED]** Investors and the principal terms of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets 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 financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

The table below sets forth our consolidated statements of profit or loss for the periods indicated derived from the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Revenue	387,847	100.0	1,513,000	100.0	1,419,735	100.0
Cost of Revenue	(314,288)	(81.0)	(1,329,853)	(87.9)	(1,110,454)	(78.2)
Gross profit	**73,559**	**19.0**	**183,147**	**12.1**	**309,281**	**21.8**
Other income	13,797	3.6	10,651	0.7	10,790	0.8
Other gains and losses	104,741	27.0	(21,340)	(1.4)	(18,068)	(1.3)
Impairment losses under expected credit loss model, net of reversal	(867)	(0.2)	(5,651)	(0.4)	(1,962)	(0.1)
Selling and marketing expenses	(17,963)	(4.6)	(21,726)	(1.4)	(34,402)	(2.4)
Administrative expenses	(49,863)	(12.9)	(61,605)	(4.1)	(74,966)	(5.3)
Research and development expenses	(261,793)	(67.5)	(290,154)	(19.2)	(357,764)	(25.2)
Finance costs	(1,048)	(0.3)	(1,800)	(0.1)	(8,937)	(0.6)
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Loss before tax	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Income tax expense	—	—	—	—	—	—
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Other comprehensive (expense) income						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	(48,153)	(12.4)	4,846	0.3	6,003	0.4
Total comprehensive expense for the year	**(471,131)**	**(121.5)**	**(351,730)**	**(23.2)**	**(285,117)**	**(20.1)**
Loss per share						
Basic and diluted (RMB)	(3.92)	(0.0)	(3.30)	(0.0)	(2.70)	(0.0)

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, presentation of adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted net loss (non-IFRS measure) as loss for the year, adjusted for changes in fair value of preferred shares and share-based compensation. Changes in fair value of preferred shares arise from the shares with special rights that we issued to certain Pre-**[REDACTED]** Investors in the past. Such special rights will all be automatically terminated upon the **[REDACTED]**. Changes in fair value of preferred shares and share-based compensation are non-cash in nature. For details of such preferred shares with special rights, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments." We define EBITDA (non-IFRS measure) as loss for the year, adjusted for income tax expenses, finance cost, depreciation and amortization, and share-based compensation. We then add back changes in the fair value of preferred shares.

The following tables reconcile our non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards in absolute amount and percentage of our revenue.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Add back:						
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Share-based compensation	—	—	—	—	—	—
Adjusted net loss (non-IFRS measure)	(139,437)	(36.0)	(208,478)	(13.8)	(176,028)	(12.4)

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Add back:						
Income tax expenses	—		—		—	
Finance costs	(1,048)	(0.3)	(1,800)	(0.1)	(8,937)	(0.6)
Depreciation and amortization	(16,726)	(4.3)	(26,959)	(1.8)	(28,329)	(2.0)
Share-based compensation	—	—	—	—	—	—
EBITDA (non-IFRS measure)	(405,204)	(104.5)	(327,817)	(21.7)	(253,854)	(17.9)
Add back:						0.0
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Adjusted EBITDA (Non-IFRS measure)	(121,663)	(31.4)	(179,719)	(11.9)	(138,762)	(9.8)

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Document:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets	50,898	69,570	84,410
Current assets	944,593	1,381,913	2,053,557
Total assets	**995,491**	**1,451,483**	**2,137,967**
Non-current liabilities	8,549	2,156	6,473
Current liabilities	2,002,122	2,816,237	3,783,521
Total liabilities	**2,010,671**	**2,818,393**	**3,789,994**
Total assets less current liabilities	**(1,006,631)**	**(1,364,754)**	**(1,645,554)**
Net current liabilities	(1,057,529)	(1,434,324)	(1,729,964)
Net liabilities	**(1,015,180)**	**(1,366,910)**	**(1,652,027)**
Share capital	75	75	75
Reserves	(1,015,255)	(1,366,985)	(1,652,102)
Total deficit	**(1,015,180)**	**(1,366,910)**	**(1,652,027)**

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current Assets				
Inventories	178,925	135,122	191,987	214,417
Trade receivables	157,309	669,271	649,231	408,454
Notes receivables	1,075	57,195	249,486	209,105
Prepayments, deposits and other receivables	260,998	321,854	544,510	321,152
Financial assets at fair value through profit or loss	—	—	10,003	—
Contract assets	16,521	5,190	2,918	5,520
Contract costs	3,991	7,555	18,701	21,328
Restricted cash	—	—	200,000	—
Cash and cash equivalents	325,774	185,726	186,721	196,004
Total Current Assets	**944,593**	**1,381,913**	**2,053,557**	**1,375,980**
Current Liabilities				
Trade payables	78,656	399,995	318,690	101,756
Accrued expense and other payables	116,986	362,756	923,897	339,865
Lease liabilities	15,044	7,934	7,885	6,578
Bank borrowings	—	55,000	330,000	410,010
Financial liabilities from notes discounted	—	—	101,627	129,685
Contract liabilities	44,068	23,499	19,277	27,919
Convertible redeemable preferred shares	1,747,368	1,967,053	2,082,145	2,253,131
Total Current Liabilities	**2,002,122**	**2,816,237**	**3,783,521**	**3,268,944**
Net Current Liabilities	**(1,057,529)**	**(1,434,324)**	**(1,729,964)**	**(1,892,964)**

Our net current liabilities increased from RMB1,730.0 million as of December 31, 2024 to RMB1,893.0 million as of April 30, 2025, primarily due to the decrease in our current assets, which outweighted the decrease in our current liabilities. Our total current assets decreased by RMB677.6 million from RMB2,053.6 million as of December 31, 2024 to RMB1,376.0 million as of April 30, 2025, primarily attributable to (i) a decrease in trade receivables of RMB240.8 million, (ii) a decrease in prepayments, deposits and other receivables of RMB223.4 million and (iii) a decrease in notes receivables of RMB40.4 million. Our total current liabilities decreased by RMB514.6 million from RMB3,783.5 million as of December 31, 2024 to RMB3,268.9 million as of April 30, 2025, primarily attributable to (i) the increase in our convertible redeemable preferred shares of RMB171.0 million, (ii) the increase in our contract liabilities of RMB8.6 million, (iii) the increase in our bank borrowings of RMB80.0 million, and (iv) the increase in our financial liabilities from notes discounted of RMB28.0 million; partially offset by (i) the decrease in our accrued expense and other payables of RMB584.0 million, (ii) the decrease in our trade payables of RMB216.9 million, and (iii) the decrease in our lease liabilities of RMB1.3 million.

Our net current liabilities increased from RMB1,434.3 million as of December 31, 2023 to RMB1,730.0 million as of December 31, 2024, primarily due to the increase in our total current liabilities, which outweighed the increase in our total current assets. Our total current liabilities increased by RMB967.3 million from RMB2,816.2 million as of December 31, 2023 to RMB3,783.5 million as of December 31, 2024, primarily attributable to (i) the increase in our accrued expense and other payables of RMB561.1 million, (ii) the increase in our bank borrowing of RMB275.0 million, (iii) the increase in our convertible redeemable preferred shares of RMB115.1 million and (iv) an increase in financial liabilities from notes discounted of RMB101.6 million. The increase in accrued expenses and other payables primarily reflected our higher volume of solution delivery and expanded collaboration with customers, leading to higher accrued procurement, logistics, and project-based fulfillment expenses. The increase in bank borrowings was primarily driven by our growing working capital needs. This was partially offset by (i) the decrease in our trade payables of RMB81.3 million and (ii) the decrease in our contract liabilities of RMB4.2 million. This was partially offset by the increase in our total current assets of RMB671.6 million from RMB1,381.9 million as of December 31, 2023 to RMB2,053.6 million as of December 31, 2024, primarily due to (i) the increase in our prepayments, deposits and other receivables of RMB222.7 million, (ii) the increase in our restricted cash of RMB200.0 million, (iii) the increase in our trade and notes receivables of RMB172.3 million, (iv) the increase in our inventories of RMB56.9 million, and (v) the increase in our financial assets at fair value through profit or loss of RMB10.0 million. These increases were largely driven by our expanding project execution and pipeline, requiring advance payments to suppliers.

Our net current liabilities increased from RMB1,057.5 million as of December 31, 2022 to RMB1,434.3 million as of December 31, 2023 primarily due to the increase in our total current liabilities, which outweighed the increase in our total current assets. Our total current liabilities increased by RMB814.1 million from RMB2,002.1 million as of December 31, 2022 to RMB2,816.2 million as of December 31, 2023, primarily attributable to (i) the increase in our trade payables of RMB321.3 million, (ii) the increase in our accrued expense and other payables of RMB245.8 million, (iii) the increase in our convertible redeemable preferred shares of RMB219.7 million, and (iv) the increase in our bank borrowings of RMB55.0 million; partially offset by (i) the decrease in our contract liabilities of RMB20.6 million, and (ii) the decrease in our lease liabilities of RMB7.1 million. The growth in trade and other payables was consistent with our increased procurement of components and outsourced manufacturing services in line with our growing delivery volumes. This was partially offset by the increase in our total current assets of RMB437.3 million from RMB944.6 million as of December 31, 2022 to RMB1,381.9 million as of December 31, 2023, primarily due to (i) the increase in our trade and notes receivables of RMB568.1 million, (ii) the increase in our prepayments, deposits and other receivables of RMB60.9 million, and (iii) the increase in our contract costs of RMB3.6 million; partially offset by (i) the decrease in our cash and cash equivalents of RMB140.0 million, (ii) the decrease in our inventories of RMB43.8 million, and (iii) the decrease in our contract assets of RMB11.3 million.

Our net current liabilities position during the Track Record Period primarily arose from convertible redeemable preferred shares, amounting to RMB1,747.4 million, RMB1,967.1 million and RMB2,082.1 million in 2022, 2023 and 2024, respectively. We expect to achieve a net assets position upon the **[REDACTED]**, as the preferred shares will be reclassified from financial liabilities to equity as a result of the automatic conversion into ordinary shares. See Note 33 to the Accountant's Report set out in Appendix I to this Document for details.

For more information, see "Financial Information—Discussion of Selected Items from the Consolidated Balance Sheets."

The following table presents our consolidated cash flow data for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(498,983)	(332,497)	(560,655)
Net cash used in investing activities	(15,548)	(22,821)	(225,442)
Net cash used in/generated from financing activities	(7,336)	231,264	799,022
Effects of exchange rate changes	56,614	(15,994)	(11,930)
Net (decrease)/increase in cash and cash equivalents	(465,253)	(140,048)	995
Cash and cash equivalents at beginning of the year	791,027	325,774	185,726
Cash and cash equivalents at end of the year	325,774	185,726	186,721
Restricted cash[(1)]	—	—	200,000

Note:

(1) Restricted cash represents funds received in advance in connection with the proposed issuance of our preferred shares. As of December 31, 2024, the issuance had not yet completed, and the funds were held in a jointly managed account with restrictions on their use. These funds did not bear interest as of that date. The restricted cash was subsequently released upon the completion of the issuance of the preferred shares.

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from financing activities as well as operating activities.

We experienced negative operating cash flows during the Track Record Period. However, we expect to improve our net operating cash flow by: (i) growing revenue through expanding our customer base; (ii) enhancing our existing solutions and launching new ones to deliver greater value to customers and drive additional revenue; (iii) streamlining our cost structure and further improving R&D and overall operational efficiency; and (iv) strengthening working capital management, including better collections, more effective inventory management to meet downstream demand, and prudent financial resource allocation.

One of the primary factors contributing to our negative operating cash flows in 2024 was the change in notes receivable, which amounted to RMB464.8 million. These changes reflect the net settlement of notes discounted to banks of RMB241.7 million which relate solely to our financing arrangements in order to enhance our working capital and are unrelated to our operating activities. To facilitate investors' understanding in our cash used for / generated from operations, we have included in this Document a table showing our net cash used for / generated from operating activities, after excluding the impact of these note settlements. See " Financial Information - Liquidity and Capital Resources - Net Cash Generated from Operating Activities."

Based on our available cash and cash equivalents, and despite the net operating cash outflows during the Track Record Period, we believe our cash balance is sufficient to meet our operating needs and support our planned expansion. Accordingly, we believe we have adequate working capital to fund our operations, taking into account our available financial resources.

For a detailed analysis of our cash flow during the Track Record Period, see "Financial Information—Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios as of the dates and for the periods indicated.

	As of/For Years Ended December 31,		
	2022	2023	2024
Gross profit/(loss) margin	19.0%	12.1%	21.8%
Adjusted net loss margin[1] (non-IFRS measure)	(36.0%)	(13.8%)	(12.4%)
Current ratio[2]	0.47	0.49	0.54
Quick ratio[3]	0.38	0.44	0.49

Notes:

(1) See "Financial Information—Non-IFRS Measures" for a reconciliation between our non-IFRS measures and our IFRS measures.

(2) Current ratio equals current assets divided by current liabilities as of the same date.

(3) Quick ratio equals current assets less inventories divided by current liabilities as of the same date.

For a more comprehensive discussion of the factors affecting our key financial ratios and our net loss and net loss margin during the Track Record Period, see "Financial Information—Discussion of Results of Operations."

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Since inception, we have pursued a strategy focused on sustained technological leadership, continuous product innovation, and deep, long-term customer relationships. These strategic priorities have required substantial upfront investment—particularly in core technologies, talent acquisition, and business infrastructure—which has resulted in short-term net losses. Our current financial performance reflects these deliberate, forward-looking investments. Specifically, our net losses are primarily attributable to our proactive decision to invest early in mission-critical technologies and foundational business initiatives. While these investments have affected near-term profitability, we believe they are essential to establishing long-term competitive advantages and enabling sustainable growth. Achieving scale is also fundamental to unlocking the full potential of our operating model. As a company in the early stages of commercialization with a relatively limited operating history, we believe we have not yet reached the operational scale necessary to fully realize the efficiency and leverage inherent in our business model. Looking ahead, we are confident that continued growth in volume, deeper customer engagement, and operational optimization will drive margin expansion and support our path to long-term profitability.

These investments have already yielded significant progress in revenue growth, customer adoption, and operating leverage. From 2022 to 2024, our revenue grew at a CAGR of 91.3%. We have also improved our gross margin, which nearly doubled from 12.1% in 2023 to 21.8% in 2024, driven by increasing customer adoption, expanding economies of scale, and improved R&D efficiency. According to Frost & Sullivan, our gross margin in 2024 was meaningfully higher than that of many of our major competitors. In 2024, we delivered 634,337 units, representing a more than fourfold increase as compared to 120,106 units delivered in 2022. Moreover, our wallet share with our top five customers—measured by our combined share of their number of vehicles incorporating our solutions—grew from 1.2% in 2022 to 12.7% in 2024.

We are executing the following key strategies designed to drive our long-term profitability:

- *Achieving profitability through increased scale*. Achieving scale is central to our long-term path to profitability. We have adopted a disciplined growth strategy, focusing on chipsets with strong commercialization potential and targeting high-volume, scalable design-wins. As we continue to scale, we gain greater leverage with both OEMs, suppliers, and manufacturing partners—enabling us to secure more favorable terms, deepen customer integration, and strengthen our strategic influence within the industry ecosystem. This, in turn, contributes to cost efficiency and commercial flexibility. As our delivery volumes continue to grow, we are increasingly able to amortize substantial R&D investments across a larger base of design-wins and customers, thereby improving our unit economics and enhancing our margin profile.

- *Increasing revenues by monetizing our strong design-win pipelines and expanding our customer base*. We are focused on translating our strong design-win pipeline into scalable, recurring revenue growth. As of December 31, 2024, we had secured 48 cumulative design-wins, reflecting the strong market recognition of our technology and the broad applicability of our solutions. We secured 23 design-wins in 2024, a significant increase from 11 design-wins in 2023 and eight design-wins in 2022, reflecting our accelerating customer success. Supported by our modular software architecture, these design-wins are now transitioning from development to mass production—positioning us to grow revenue substantially without a proportional increase in associated costs, thereby improving operating leverage. We are also deepening relationships with existing OEM customers by securing follow-on design-wins across additional vehicle models. As our solutions are adopted across a broader portion of their product portfolios, we anticipate higher customer lifetime value, stronger revenue visibility, and greater platform-level integration—all of which contribute to our long-term financial sustainability. In parallel, we are expanding our revenue model beyond initial hardware or solution deployment. We are actively pursuing recurring, high-margin revenue opportunities, including software licensing, OTA-based feature upgrades, and value-added services, which enhance monetization across the vehicle lifecycle. Moreover, we have steadily expanded our customer base—from initially serving primarily domestic OEMs to now including joint ventures and leading international automakers. We believe our strong technological capabilities, rapid development cycles, and proven track record of execution will continue to attract a broader range of customers, further supporting our growth trajectory and market leadership.

- *Optimizing our product portfolio, customer base, and design-win strategy*. We are continually advancing our product portfolio toward more integrated, feature-rich solutions, such as *Smart Cockpit + ADAS* offerings. These next-generation solutions are highly software-intensive, command higher price points, and are expected to contribute meaningfully to our margin expansion and long-term profitability. As part of our growth strategy, we are selectively prioritizing design-wins with strong market potential—focusing on vehicle models that are more likely to achieve scale and offer greater pricing power and longer-term returns. We are also emphasizing opportunities that align with our recurring revenue model, including those that enable software licensing, OTA feature enhancements, and other value-added services. By concentrating on high-potential programs that improve unit economics and support predictable, recurring revenue, we aim to build a more sustainable business with stronger margins, greater earnings visibility, and enhanced resilience across market cycles.

- *Enhancing operating leverage by improving development efficiency and spreading fixed costs.* Our modular software architecture enables significant code reuse across multiple design-wins, reducing development effort and lowering per-unit costs. This architecture has meaningfully improved our development efficiency and strengthened our profitability profile. The R&D expenses per "ongoing design-win"—defined as a design-win that is ongoing and not cancelled or discontinued during a year—has decreased significantly by 24.4% between 2022 and 2023 and 20.2% between 2023 and 2024. We intend to further improve our R&D efficiency by streamlining R&D workflows, consolidating and reusing codebases, and expanding the use of automated testing and simulation tools. Additionally, as delivery volumes continue to rise, we expect to further spread fixed R&D costs, enhance operating leverage, and improve margins—supporting a more scalable and profitable business model over time. We also seek to continue to drive improvements in our sales and marketing efficiency, with our reputation for product quality and reliability and ability to deliver solutions with speed that help OEMs accelerate time-to-market.

RISK FACTORS

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

- The market for integrated domain control solutions is rapidly evolving. Changes in sales, production and market demand can materially and adversely affect our business, financial condition, and results of operations.

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

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

- There can be no assurance that our efforts seeking design-wins for our solutions will succeed. Securing large OEMs as customers is critical to our growth and long-term success. If we fail to win new OEM customers, lose existing sales opportunities, encounter difficulties in contract negotiations, or are unable to convert initial engagements into meaningful commercial relationships, our business, financial condition, and results of operations could be significantly and adversely affected.

- We currently have a limited number of key customers for a significant portion of our revenue. If any of these customers reduce their purchases or terminate their business with us, our revenue could be adversely affected, subsequently our results of operations.

- We face intense competition from both well-established companies and new market entrants. If we fail to compete effectively in areas such as technology, pricing, or customer service, our business, financial condition, and results of operations may be materially and adversely affected.

- If the vehicle models that incorporate our solutions underperform in the market or fail to gain meaningful market acceptance, our business, financial condition, and results of operations could be materially and adversely affected.

- We rely on a limited number of suppliers for certain critical components and services, and any disruption in their supply or deterioration in our relationships with them could materially and adversely affect our operations.
- 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 incurred net loss and net operating cash outflows during the Track Record Period.
- We are subject to the approval, filing, or other requirements of the CSRC or other PRC governmental authorities in connection with capitalraising activities.

WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document. After making reasonable inquiries of our management about our working capital, the Joint Sponsors concur with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net **[REDACTED]** we will receive from the **[REDACTED]**.

DIVIDENDS

During the Track Record Period, no dividends have been declared and paid by us. As of the Latest Practicable Date, we did not have a formal dividend policy. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board. PRC laws require that dividends shall be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, until the agreed amount of such funds reaches 50% of their registered capital, which are not available for distribution as cash dividends.

[REDACTED]

Based on the mid-point **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of our **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**), the total **[REDACTED]** (including **[REDACTED]**) payable by our Company are estimated to be approximately HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), assuming the **[REDACTED]** is not exercised. These **[REDACTED]** mainly comprise professional fees paid and payable to the professional parties, and **[REDACTED]** payable to the **[REDACTED]**, for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**.

As of December 31, 2024, we did not incur any **[REDACTED]** for the **[REDACTED]**. We estimate that the total **[REDACTED]** (including **[REDACTED]** of HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), assuming the **[REDACTED]** is not exercised and based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), accounting for **[REDACTED]** of our gross **[REDACTED]**, will be further incurred by our Group, of which RMB**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and RMB**[REDACTED]** is expected to be charged against equity upon the **[REDACTED]**.

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

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

We intend to use the net **[REDACTED]** we will receive from the **[REDACTED]** for the following purposes:

Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** in further strengthening our research and development capabilities;

Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to expand our Smart Cockpit + X product portfolio by integrating additional features into the domain control solutions;

Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to expand our sales and go-to-market network across both domestic and international markets;

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

For details, see "Future Plans and Use of **[REDACTED]**."

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. See "Risk Factors—We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, financial condition, and results of operations."

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

According to our PRC Legal Adviser, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that as of the date of this Document there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

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.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the **[REDACTED]** of, and permission to deal in, the Shares in issue and to be issued pursuant to the **[REDACTED]** (including the Shares which may be issued pursuant to the exercise of the **[REDACTED]**) and the Pre-**[REDACTED]** Option Plan. We satisfy the **[REDACTED]**.

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

"A&A Family Trust"	a discretionary trust established by Dr. Zhuang as the settlor on June 23, 2025, for the benefit of Dr. Zhuang's family members and with Trident Trust Company (HK) Limited acting as the trustee thereof
"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on [●], with effect upon the **[REDACTED]** (as amended from to time), a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board", "Board of Directors" or "our Board"	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
"BVI" or "British Virgin Islands"	the British Virgin Islands
"CAC"	the Cyberspace Administration of China (中華人民共和國網絡安全和信息化委員會辦公室)
	[REDACTED]
"Cayman Islands"	the Cayman Islands, a British Overseas Territory
	[REDACTED]
"China", "mainland China", "Mainland China" or "the PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, Hong Kong, the Macau Special Administrative Region and Taiwan of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Act" or "Cayman Companies Act"	the Companies Act (As Revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company" or "Megatronix"	Megatronix Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 14, 2018
"Compliance Adviser"	the compliance adviser as named in "Directors and Parties Involved in the **[REDACTED]**"
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and refers to Dr. Zhuang, AIZL Holdings Limited and MJXY Holdings Limited, details of which are set out in "Relationship with the Controlling Shareholders"
"Conversion"	the conversion of the authorized share capital of the Company from US$50,000 divided into 500,000,000 shares of a par value of US$0.0001 each, consisting of (i) 358,389,166 ordinary Shares; (ii) 20,000,000 Series Seed Preferred Shares; (iii) 23,463,687 Series A Preferred Shares; (iv) 29,795,158 Series B Preferred Shares; (v) 40,844,195 Series C Preferred Shares; (vi) 9,033,774 Series D Preferred Shares; and (vii) 18,474,020 Series D+ Preferred Shares, to US$50,000 divided into 500,000,000 ordinary Shares of a par value of US$0.0001 each
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the 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 our Company
"Dr. Zhuang"	Dr. Zhuang Li (莊莉), our founder, chairperson of the Board, an executive Director and our chief executive officer.
"EIT"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"ESG"	Environmental, Social and Governance

[REDACTED]

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

[REDACTED]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purposes of this Document
"GDP"	the gross domestic product (all references to GDP growth rates are to real as opposed to nominal growth rates of GDP)
"GDPR"	the General Data Protection Regulation, or the GDPR, which came into application in the EU in May 2018

[REDACTED]

"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

[REDACTED]

"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

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

[REDACTED]

"IFRSs"	the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

[REDACTED]

"Latest Practicable Date"	June 22, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication
	[REDACTED]
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
	[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)
"M&A Rules"	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"Megatronix Infotech"	Megatronix (Beijing) Information Technology Co., Ltd. (邁天龍(北京)信息技術有限公司), a limited liability company established under the laws of the PRC on March 13, 2018, and an indirect wholly-owned subsidiary of the Company

"Megatronix (Beijing) Technology"	Megatronix (Beijing) Technology Co., Ltd. (鎂佳(北京)科技有限公司), a limited liability company established under the laws of the PRC on August 16, 2018, and a wholly-owned subsidiary of the Company
"Megatronix (Wuhan) Technology"	Megatronix (Wuhan) Technology Co., Ltd. (鎂佳(武漢)科技有限公司), a limited liability company established under the laws of the PRC on June 27, 2022, and a wholly-owned subsidiary of the Company
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on [●], with effect from the **[REDACTED]**, as amended from time to time, a summary of which is set out in Appendix III to this Document
"MIIT"	the Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
	[REDACTED]
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023

DEFINITIONS

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PII"	the personally identifiable information
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	CM Law Firm, our legal adviser on PRC laws in connection with the **[REDACTED]**
"Pre-**[REDACTED]** Investment(s)"	the investment(s) in our Company undertaken by the Pre-**[REDACTED]** Investors prior to this **[REDACTED]**, details of which are set out in "History, Development and Corporate Structure"
"Pre-**[REDACTED]** Investor(s)"	holder(s) of Shares pursuant to the Pre-**[REDACTED]** Investments, details of which are set out in "History, Development and Corporate Structure"
"Pre-**[REDACTED]** Option Plan"	the pre-**[REDACTED]** option plan adopted, confirmed and ratified by our Company on January 23, 2019, as amended or otherwise modified from time to time, and detailed in "Statutory and General Information—Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document
"Preferred Shares"	preferred shares(s) in the share capital of the Company
	[REDACTED]
"Document"	this document being issued in connection with the **[REDACTED]**
"**[REDACTED]**"	**[REDACTED]** within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)

"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has been merged into the State Administration of Market Regulation of the PRC (中華人民共和國市場監督管理總局) since 2018
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT" or "State Administration of Taxation"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	Ordinary and/or preferred share(s) in the share capital of our Company with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Track Record Period"	the period comprising the three financial years ended December 31, 2022, 2023 and 2024
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"United States", "USA" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"USD", "US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"%"	per cent

GLOSSARY OF TECHNICAL TERMS AND CONVENTIONS

This glossary contains explanations of certain technical terms and conventions used in this Document in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

AI	Artificial Intelligence
advanced driver assistance system (ADAS)	A suite of technologies that assist drivers in driving and parking functions, such as lane-keeping, adaptive cruise control, and emergency braking
Automotive-grade	A quality level indicating that components meet strict durability, reliability, and safety standards required for use in vehicles
Automotive Safety Integrity Level B (ASIL-B)	A classification under ISO 26262 that defines a moderate level of risk reduction required to ensure functional safety in automotive systems
AUTOSAR	Automotive open system architecture, a global automotive software architecture standard that enables standardized interfaces and modular software development for vehicle control systems
ASR	Automatic speech recognition, the technology that converts spoken language into written text. In automotive systems. ASR enables drivers and passengers to interact with the vehicle through voice commands
Body Control Module (BCM)	Electronic units that control various non-powertrain functions in the vehicle, such as lighting, windows, and door locks
Board Support Package (BSP)	A collection of software and configuration files that allow an operating system to interface with a specific hardware platform in a vehicle
CAGR	Compound Annual Growth Rate
Design-win	An industry term referring to successful selection of a suppliers' product or solution for integration into an OEM's vehicle model
DMS	Driver Monitoring System
Domain control	The centralized management of electronic functions within a specific area of the vehicle, such as infotainment or powertrain
Electrical and electronic (E/E) architecture	The E/E architecture of intelligent vehicles refers to the integrated system that manages all electronic components within the vehicle, including but not limited to control units, domain control chips and software infrastructure
Full Assisted Parking Aid (FAPA)	A feature that automates the parking process, helping the driver park the vehicle by controlling steering and, in some cases, braking and acceleration
Head-Up Display (HUD)	A feature that projects key driving information (e.g., speed, navigation) onto the windshield or a transparent display in the driver's line of sight
Infotainment	A combination of information and entertainment systems in the vehicle, such as navigation, music, and smartphone integration

Intelligent connected vehicles	Vehicles equipped with internet connectivity and onboard intelligence that allow for data exchange with other vehicles, infrastructure, and cloud services
Integrated domain control solutions	Solutions that combine multiple software-enabled intelligent vehicle functions—smart cockpit, ADAS-parking, ADAS- driving, telematics, OTA update, and more—embedded into a unified physical domain controller for integration into mass-production vehicles
ISO 26262	An international standard for the functional safety of electrical and electronic systems in production automobiles
Large language models (LLM)	A deep learning model trained on vast amounts of textual data, enabling it to generate natural language text or understand the meaning of language text
Mass-production	The large-scale manufacturing of vehicles or components to achieve economies of scale
Natural language understanding (NLU)	The use of computers to simulate the human language communication process, enabling computers to comprehend and utilize natural language used in human society, thereby facilitating natural language communication between humans and machines.
OMS	Occupant Monitoring System
Original Equipment Manufacturers (OEMs)	In the automotive industry, OEMs are typically automakers that integrate components and systems—often supplied by third parties—into finished vehicles for sale to consumers
Over-the-Air (OTA)	The wireless delivery of software updates and patches to vehicles without the need for physical access
Real-Time Operating System (RTOS)	A type of operating system designed to process data and execute tasks with guaranteed timing constraints, often used in vehicle control systems
Share of wallet / wallet share	For the purposes of describing our business, it refers to the share of an OEMs' total number of vehicles incorporating our solutions
Start of Production (SOP)	The scheduled date on which a new vehicle model of an OEM enters mass production at the OEM's manufacturing facility; it typically marks the beginning of commercial delivery for the embedded software or hardware systems that have been designed and validated for integration into that model
System-on-Chip (SoC)	Semiconductor solutions designed for managing specific electronic domains in vehicles, integrating processing power, memory, and connectivity functions to support advanced domain control features
T-Box	A telematics control unit that enables wireless data communication between the vehicle and external systems, supporting functions such as remote diagnostics, vehicle tracking, and connectivity services
Trillions of Operations Per Second (TOPS)	A measure of a chip's processing power

Tier-1 supplier	A company that supplies components or systems directly to an OEM for vehicle production
TTS	Text to speech, a type of speech synthesis application that converts text into natural speech output
Ultrasonic sensor	A sensor that uses sound waves to detect nearby objects, commonly used in parking assist systems
Vehicle Control Unit (VCU)	Central processing unit in a vehicle that coordinates signals from various subsystems to control vehicle behavior
Vehicle models	Different configurations or versions of vehicles produced by an OEM, often distinguished by design, features, or market segment
USS	Ultrasonic Sensor

As used in this Document, unless otherwise indicated:

- A "**customer**" generally refers to an OEM that directly purchases our solutions or, where applicable, a Tier-1 supplier designated by the OEM to make such purchases on its behalf. However, when presenting our wallet share among top customers for a given period, we attribute delivery volume to the end OEM, as opposed to the Tier-1 supplier, even if our solutions were purchased through a Tier-1 supplier; we believe this approach provides a clearer picture of our commercial reach, as it reflects the fact that the ultimate purchasing decisions are made by OEMs;

- "**Delivery volume**" for a given period represents the number of domain controllers embedded with our solutions that were delivered to OEMs during that period for integration into mass-production vehicles manufactured by OEMs;

- References to "Chery (奇瑞)," "Changan (長安)," "Dongfeng (東風)," "Nissan (日產)", "Ford (福特)" and "Jiangling (江鈴)," among others, are to the respective OEM groups of the same names and references to "Changan Mazda," "Dongfeng Nissan" and "Jiangling Ford" refer to the joint ventures established between Changan and Mazda, Dongfeng and Nissan, and Jiangling and Ford, respectively;

- All references in this Document to any shareholdings in our Company following the **[REDACTED]** assuming that the **[REDACTED]** is not exercised and without taking into account the Shares to be issued under the Pre-**[REDACTED]** Option Plan;

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

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

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in "Risk Factors".

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

An **[REDACTED]** *in our 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 our Shares.*

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the **[REDACTED]** *of our Shares could decline and you may lose all or part of your* **[REDACTED]**. *You should seek professional advice from your relevant advisers regarding your prospective* **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The market for integrated domain control solutions is rapidly evolving. Changes in sales, production and market demand can materially and adversely affect our business, financial condition, and results of operations.

Demand for smart vehicle technologies and solutions depends to a large extent on general, economic, political, and social conditions in each market, as well as consumers' sentiment upon smart vehicle technologies. The market opportunities we are pursuing are at an early stage of development, and it is difficult to predict market demand or adoption rates for our solutions, or the future growth of the markets in which we operate. Despite our continued substantial investments in research and development, our technologies require sustained significant investment and may never be commercially successful on a large scale, or at all.

Further, even if we succeed in operating at a commercial scale, key industry participants may decline to adopt our solutions, develop competing technologies or take steps to impede our progress. This could result in negative publicity, concerted lobbying efforts directed at legislators in our active or prospective markets to enact constraining laws or regulations, or boycotts against us or our customers and partners. Any of these developments could materially harm our business, results of operations and financial conditions. Furthermore, our business faces potential setbacks from regulatory, safety, and reliability concerns, many of which are beyond our control. Public perception plays a significant role, and any loss of confidence in smart vehicle technologies may affect our potential customers and partners. Incidents involving vehicles with integrated domain control solutions, even those unrelated to our solutions and technologies, may lead to severe negative publicity. Such incidents can provoke calls for suspension or stricter regulation of our solutions as well as more rigorous industry standards. If the broader issues of safety and reliability in integrated domain control solutions not satisfactorily resolved, our business, prospects, operating results, and financial condition could be materially harmed.

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

In order to increase our revenue and maintain our growth, we are committed to retaining existing customers and attracting new customers. Our customers primarily consist of OEMs that purchase our solutions for incorporation into their vehicle models. We have actively maintained long-term strategic cooperation with OEMs. However, we cannot guarantee that our existing customers will continue to procure smart cockpit or other solutions from us for their new vehicle models, or that they will continue to engage us for ongoing or future vehicle model development. Our ability to retain existing customers, attract new customers, or increase customer spending also depends on a range of factors, some of which are beyond our control:

- changes in OEM procurement strategies or vehicle development priorities.
- increased competition from domestic or international technology providers.
- shifts in technology standards or regulatory requirements; and
- our ability to deliver consistent product performance, cost competitiveness, and timely innovation.

As we expand our customer base and work with an increasingly diverse set of OEM partners, we might struggle to tailor our solutions to each customer's unique requirements or to sustain the high level of support they expect. Our ability to retain current customers and attract new ones may also 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 integrated domain control 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 we fail to retain existing customers, attract new ones or persuade customers to increase their investment in our offerings, 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.

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

We sell our solutions to OEMs for integration into their vehicle models which are then sold to consumers. Therefore, our success heavily depends on the continued market acceptance of our solutions, an outcome we cannot guarantee.

Our business and prospects also significantly rely on our ability to meet new technological standards and consumer expectations. However, we may not be able to develop or introduce new technologies quickly enough or improve existing ones to address emerging industry requirements. If our technologies and solutions do not evolve in line with OEMs' roadmaps or fail to deliver the functionality, reliability and security that OEMs and consumers demand, we risk diminished market acceptance and reduced business performance.

In China, our current primary market, the broader adoption of smart vehicle technologies depends on factors such as feature breadth, total cost of ownership, driver and passenger preferences, and overall awareness of in-vehicle intelligence solutions. There is no guarantee that our solutions will gain widespread recognition within the market. Even a technically sound product can struggle if OEMs and consumers do not recognize its value or if competitors win on price, brand strength or channel relationships. Should our solutions fail to align with the industry's rapid technological evolution or gain widespread OEM and consumer endorsement, our growth and results of operations could be materially and adversely affected.

There can be no assurance that our efforts seeking design-wins for our solutions will succeed. Securing large OEMs as customers is critical to our growth and long-term success. If we fail to win new OEM customers, lose existing sales opportunities, encounter difficulties in contract negotiations, or are unable to convert initial engagements into meaningful commercial relationships, our business, financial condition, and results of operations could be significantly and adversely affected.

We consider securing a design-win from an OEM as a key milestone as it not only validates our technology but also paves the way for deeper collaboration on subsequent vehicle models. Therefore, we have invested substantially in presenting our solutions to OEMs to earn design-wins.

However, despite significant efforts, we may nevertheless fail to achieve a design-win for our solutions on one or more vehicle models, 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, our credibility with that OEM may suffer, making it more difficult to compete for additional vehicle models in the future. Should we fail to secure a sufficient number of design-wins across OEMs and their vehicle models, it could have an adverse impact on our business, results of operations, and financial condition.

We currently have a limited number of key customers for a significant portion of our revenue. If any of these customers reduce their purchases or terminate their business with us, our revenue could be adversely affected, subsequently our results of operations.

A limited number of customers have in the past, and are expected to in the future, contributed a vast majority of our total revenues. For each of the years ended December 31, 2022, 2023 and 2024, the single largest customer accounted for 52.8%, 53.0% and 22.8%, of our total revenues, respectively, and the five largest customers in the aggregate contributed 92.8%, 91.2% and 84.7% of our total revenues, respectively, for the same periods. This dependence on a limited number of customers could make it difficult for us to negotiate attractive prices for our solutions and could expose us to the risk of substantial losses if we experienced declines in the business from any of our major customers, whether due to lower overall demand for our solutions, cancelation of existing contracts or design-win, or the failure to secure new business awards, among other reasons. These customers may choose to reduce their purchases or cease to use our solutions altogether for various reasons, including changes in technology preferences, shifts in market outlook, or broader economic conditions, many of which are beyond our control. Any significant loss of, or reduction in, business from any of our major customers could have a material adverse effect on our business, financial condition, and results of operations.

If the vehicle models that incorporate our solutions underperform in the market or fail to gain meaningful 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 incorporate our solutions. If those vehicle models underperform in sales or fail to achieve meaningful market acceptance—due to factors such as weak consumer demand, negative reviews, competitive alternatives or macroeconomic downturns—OEMs may reduce production volumes, delay new program launches or cancel future integrations of our solutions. These setbacks could diminish order forecasts, delay revenue recognition and impair our ability to achieve economies of scale.

Furthermore, poor vehicle performance in the market may tarnish our reputation with other potential OEM customers and the end users, making it more difficult to secure new design-wins or expand into additional vehicle platforms. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We rely on a limited number of suppliers for certain critical components and services, and any disruption in their supply or deterioration in our relationships with them could materially and adversely affect our operations.

We source certain key components, including automotive-grade chips, from a limited number of suppliers. In addition, we rely on third-party contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. During the Track Record Period, a significant portion of our procurement volume was concentrated among a small group of suppliers. For the years ended December 31, 2022, 2023 and 2024, our single largest supplier—who supplied us with chips—accounted for 48.3%, 48.2% and 34.3%, of our total purchases, respectively, and the five largest suppliers in the aggregate accounted for 69.1%, 82.4% and 77.2% of our total purchases, respectively, for the same periods.

Although we seek to maintain stable relationships with these suppliers and, to the extent possible, qualify multiple vendors for key components, we remain subject to risks associated with supplier concentration. Any interruption in the supply of these components and services—whether due to shortages, capacity constraints, geopolitical tensions, regulatory restrictions, price increases, changes in business priorities or contractual terms, or the supplier's own operational issues—could result in delays or increased costs in the production and delivery of our solutions. In particular, sourcing constraints in high-performance chips or SoCs could affect our ability to deliver domain control systems at scale, which may in turn impair our ability to fulfill customer orders or achieve planned production targets.

In addition, if any of our key suppliers were to discontinue supply, materially alter their commercial terms, or cease operations, we may not be able to secure alternative sources on a timely basis or on terms commercially acceptable to us. Re-qualifying alternative suppliers, especially for components requiring stringent automotive-grade certification, could be time-consuming and may involve additional development and testing costs. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and reputation.

We face intense competition from both well-established companies and new market entrants. If we fail to compete effectively in areas such as technology, pricing, or customer service, our business, financial condition, and results of operations may be materially and adversely affected.

Our success depends on our ability to maintain and strengthen our competitive position in the global and China's integrated domain control solutions industries, which are characterized by rapid technological advances, aggressive pricing and ever-evolving customer requirements. Our competitors include large, well-capitalized Tier 1 suppliers, global automotive electronics conglomerates and OEM in-house programs that often have deeper R&D budgets, established brand reputations and long-standing relationships with OEMs. We also compete with new competitors that may be preparing to enter or are entering the global and China's integrated domain control solutions industries. Our competitors may start, or have already started, pursuing the large-scale deployment of autonomous vehicle technology on their own. We cannot predict how close any of our existing or potential competitors are to bringing their smart vehicle technologies to market, nor can we know what features or products they plan to introduce next. This lack of visibility makes it difficult for us to anticipate shifts in customer demand or to align our own development roadmap with emerging industry trends. If competitors launch advanced solutions sooner or with more attractive functionality, we may face reduced market share, downward pricing pressure or the need to accelerate our R&D investments, all of which could materially and adversely affect our business, financial condition and operating results.

Our competitors may also offer similar or comparable functionality as ours at lower development cost or shorter time-to-market. Leading OEMs and their system integrators are also expanding vertically, investing heavily to develop their proprietary cockpit and vehicle-domain technologies. We cannot predict if or when these competitors will launch new products, reduce prices or bundle cockpit solutions with broader vehicle leadership offerings, all of which could erode our addressable opportunity, limit our pricing flexibility and force us to increase spending on sales, marketing, product enhancements or customer support.

Moreover, the competitive pressure we face may intensify the pace of product obsolescence and place downward pressure on margins. If we fail to anticipate shifts in regulatory standards, such as functional-safety certification, cybersecurity mandates or over-the-air update, or OTA, requirements, or to invest sufficiently in innovative features such as natural-language interfaces, advanced driver-assistance integrations or multi-domain orchestration, our offerings could lose relevance. Even minor delays in our development cycles or misalignment with evolving industry benchmarks could impair our ability to win or retain key OEM contracts. In addition, resource constraints may limit our capacity to hire and retain the specialized engineers, software architects and quality-assurance experts necessary to match competitor innovation. Absent effective differentiation, through superior system performance, proven reliability, flexible integration and responsive support, our market share, revenue growth and profitability could decline materially, and our overall financial condition and prospects could be materially and 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. The delivery volume of our solutions grew at a CAGR of 129.8% from 2022 to 2024. Our revenue increased by 266.1% from RMB387.8 million in 2022 to RMB1,419.7 million in 2024. As of the December 31, 2024, we had secured accumulatively 48 design-wins across multiple OEMs, compared to 26 design-wins as of December 31, 2023 and 15 design-wins as of December 31, 2022. However, rapid scaling places significant demands on our supply chain, R&D capacity and workforce, and may lead to unforeseen delays, cost overruns or quality issues. In addition, our future growth depends on factors beyond our control, including:

- softening demand for integrated domain control solutions in China and other key markets;
- extended sales cycles or delays in R&D, testing, certification and commercialization of new solutions and software features;

- intensifying competition from established Tier 1 suppliers, OEM in-house programs and new entrants with alternative technologies;

- evolving regulatory requirements for functional safety, cybersecurity, data privacy and over-the-air updates;

- supply-chain constraints, export controls or tariffs limiting our access to advanced chips or other critical components;

- challenges in scaling manufacturing capacity while maintaining quality;

- our ability to attract, develop and retain technical talent;

- intellectual property disputes or infringement claims;

- and macroeconomic or geopolitical events that reduce vehicle production, vehicle electrification or end-customer spending.

Because we operate in a nascent, fast-moving industry, our forecasts require significant judgment and are subject to substantial uncertainty, and if the assumptions underlying our growth strategy prove incorrect or we fail to mitigate the risks described in "Risk Factors," our revenue, gross margins, cash flow and overall financial condition could deviate materially from our expectations, and the **[REDACTED]** of our securities could decline. If our assumptions regarding market demand, operational capacity or regulatory developments prove incorrect, or if we fail to mitigate these risks successfully, our revenue, margins, cash flow and overall financial condition could deviate materially from expectations, and the **[REDACTED]** of our securities could decline.

We incurred net loss and net operating cash outflows during the Track Record Period.

We incurred net losses of RMB423.0 million, RMB356.6 million, and RMB291.1 million in 2022, 2023 and 2024, respectively. We may continue to generate net losses in the near term, as we are still in the process of scaling our business and expanding our operations. We expect to maintain a high level of investment in our operations, including continuous enhancements to our existing solutions, the development of new offerings, recruitment of qualified personnel, and pursuit of technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a public company after the **[REDACTED]**. However, there is no assurance that our revenue will grow at a pace sufficient to offset these rising expenses. If we fail to effectively grow our customer base, expand our product and service portfolio, implement competitive pricing strategies, control raw material costs, optimize sales and marketing efficiency, or improve our operational productivity, our financial performance could be adversely affected. In addition, unforeseen changes in customer demand, investments, acquisitions, or capital expenditures could further increase our substantial shifts in the competitive or regulatory landscape, or significant costs or reduce our revenue. As a result, we cannot assure you that we will achieve or sustain profitability in the future.

We recorded net cash operating outflow of RMB499.0 million, RMB332.5 million, and RMB560.7 million for the year ended December 31, 2022, 2023 and 2024, respectively. Such progressive increases during the Track Record Period were primarily due to our sustained significant investments in product development, technological innovation, and customer acquisition activities. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to experience net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition.

If our customers choose to develop their own integrated domain control solutions instead of continuing to source from us, our business, financial condition, and results of operations could be materially and adversely affected.

Our customers primarily are OEMs that install our solutions for integration into their vehicle models. For further details, see "Business—Our Customers."

In response to the accelerating shift toward automotive intelligence, a growing number of OEMs have launched internal initiatives to develop proprietary smart vehicles solutions. Some OEMs have already succeeded in developing in-house alternatives, reducing their reliance on external suppliers. We cannot assure you that our existing customers will not follow this path or that they will continue to procure our solutions for future vehicle models. It is possible that more OEM customers will choose to develop their own smart cockpit and related solutions, which may reduce their demand for our solutions. We cannot assure you that our existing OEM customers will continue to purchase our 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.

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

We have in the past been subject to, and may continue to face, requests or contractual requirements from our customers to reduce the prices of our solutions. Increasing pricing pressure from our customers, whether due to their own cost-cutting initiatives, competitive bidding processes, or shifts in purchasing strategies, may force us to lower our prices, offer more discounts, or improve our commercial terms, all of which could negatively impact our profit margins. To maintain profitability in such an environment, we must continuously reduce operating costs and improve efficiency.

Our business model is capital intensive and involves a significant fixed cost base, including investment in R&D, manufacturing infrastructure, and personnel. Accordingly, our profitability partially depends on our ability to achieve economies of scale and spread fixed costs across a sufficiently large sales volume. However, our ability to do so may be limited. In line with industry practice, OEMs often negotiate for lower unit prices as their order volumes increase, and pricing agreements typically anticipate a gradual price reduction over the term of the contract, particularly after mass production begins.

If we are unable to mitigate these downward pricing pressures through enhanced operational efficiency, introduction of higher-margin new or upgraded solutions, diversified sourcing strategies, and other cost-control initiatives, our gross margins may decline. As a result, our business, financial condition, and results of operations could be materially and adversely affected.

Disruptions in the supply of raw materials or components used in our solutions may materially and adversely affect our business and profitability.

Our solutions rely on specialized chips, SoCs and other components sourced from a pool of semiconductor manufacturers and suppliers. Global shortages, manufacturing capacity limitations or allocation priorities by contract manufacturers can lead to extended lead times, delivery delays and volatility in pricing. Furthermore, rapidly evolving semiconductor process nodes and feature requirements may force us to redesign hardware or requalify components, compounding supply-chain complexity. Should we be unable to secure sufficient quantities of critical components on acceptable terms or at all, we may face production bottlenecks, delayed product launches and higher unit costs.

Such supply constraints could disrupt customer deployments, erode our relationships with OEM partners and damage our reputation for reliability. In addition, if we are forced to source alternative components at higher prices or with inferior performance, our margins may suffer, and our competitive position could weaken. Persistent or severe shortages may also limit our ability to fulfill OEM forecasts, generate expected revenue or support after-sales upgrades, any of which could materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

Expanding into markets outside of China exposes us to a range of operational, financial, and regulatory risks.

We are actively engaging with international operated OEMs with a view to expanding our global footprint. Operating our business on a global scale could 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:

- foreign markets impose differing automotive safety, data-privacy, cybersecurity, import/export control and local content requirements, and failure to achieve or maintain compliance, even inadvertently, could result in fines, product recalls or suspension of sales;
- established Tier-1 suppliers and incumbent technology providers in mature markets often have entrenched relationships with OEMs and strong brand recognition, which may limit our market penetration and negotiating leverage;
- international economic and political conditions, and other political tensions between countries in which we do business;
- exchange rate fluctuations;
- political instability, trade disputes, sanctions or sudden changes in tariff policy could disrupt our supply chains, restrict market access or increase the cost of exporting or importing components; 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.

If we are unable to manage these operational, financial and regulatory risks effectively, our international expansion efforts may falter, and our business, results of operations, and financial condition may be adversely affected.

Our ability to maintain technological leadership depends on attracting and retaining top-tier R&D talent, and failure to do so could significantly undermine our competitive position and future growth.

As a technology-driven company operating in the rapidly evolving smart vehicle industry, our ability to innovate and execute depends on the strength of our R&D team. In particular, we depend on highly specialized engineers with expertise in embedded systems, operating systems, AI algorithms, and automotive-grade software architecture. These individuals are in short supply and are aggressively sought after by both leading OEMs and global technology companies.

We face intense competition for such talent, not only from other smart vehicle solution companies but also from adjacent sectors such as robotics, and consumer electronics. In some cases, we compete against companies with substantially greater financial resources, brand recognition, or global presence. Even if we are able to identify suitable candidates, there can be no assurance that they will choose to join us. Moreover, the loss of key personnel, particularly those involved in core system architecture or proprietary software development, could disrupt our product roadmap, delay customer deliveries, or weaken our ability to respond to evolving industry standards and customer demands. Recruiting qualified replacements may require substantial time and cost, and there is no guarantee that new hires will achieve the same level of technical contribution.

If we are unable to build and retain a leading R&D team, we may fall behind in critical technology, miss key commercialization opportunities, or fail to deliver on customer commitments, any of which could materially and adversely affect our business prospects, financial condition, and results of operations.

We are subject to risks associated with payment terms negotiated with our customers, and any deterioration in such terms or delays in customer payments could materially and adversely affect our financial condition and cash flows.

Our business model requires us to make significant investments upfront, including in R&D, inventory procurement, and project execution, before revenue can be recognized and cash is collected. We typically offer credit terms to our customers in line with industry practice, yet in some cases, we may need to offer extended payment periods to secure or retain strategic projects. However, we may not always be able to negotiate favorable payment terms, particularly with large OEMs or Tier 1 suppliers that have stronger bargaining power. In addition, customer payment behavior may vary significantly depending on their internal approval processes, design-win execution status, or financial position.

As we scale our business, any adverse changes in customer payment terms, including but not limited to longer settlement periods, could negatively impact our working capital. Moreover, we might face pressure from certain customers to agree to deferred or contingent payments as a condition to securing design-wins. Furthermore, our revenue recognition may be subject to timing uncertainty due to design-win-specific contractual terms, which can also result in a lag between the incurrence of cost and the recognition of revenue and corresponding cash inflows. If one or more of our major customers were to delay payments, dispute invoiced amounts, or default on their obligations, our operating cash flows, financial position, and ability to invest in future growth initiatives could be materially and adversely affected. Any deterioration in our ability to collect payments from customers on a timely basis may lead to higher trade receivables, increased bad debt provisions, or constraints on our operating flexibility.

We are subject to risks associated with unfavorable contractual terms with suppliers.

We rely on third-party suppliers for key components used in our solutions such as chips. In many cases, we do not have long-term or exclusive agreements, and our ability to negotiate favorable pricing, payment terms, or delivery schedules may be limited by market dynamics or supplier bargaining power. If we are unable to align supplier payment terms with those of our customers, we may face working capital pressure. Some suppliers might also impose minimum order quantities, non-cancellable terms, or pricing volatility, which could increase our cost of revenue or lead to excess inventory. In addition, any delays, shortages, or quality issues on the part of our suppliers may impair our ability to meet delivery timelines or customer specifications. While we seek to manage these risks through forward planning and diversified sourcing, there is no assurance that our supplier arrangements will not materially and adversely affect our cost structure, cash flow, or customer relationships.

Our limited operating history makes it difficult to evaluate our prospects and the risks and challenges we may encounter in the future.

Our relatively limited operating history in developing and commercializing our integrated domain control solutions makes it challenging to assess our prospects or plan for our anticipated future growth. This limited track record constrains our ability to accurately forecast revenue, manage costs and plan capital expenditures, and subjects our results of operations to significant uncertainties including but not limited to:

- achieve sufficiently safe performance and earn trust from regulatory agencies, our customers, partners, and the public;

- continue to evolve and expand the commercialization of our technologies;
- continue to successfully complete system testing, validation, and safety approvals;
- continue to produce and deliver solutions of acceptable performance, reliability, and security;
- forecast our revenue and budget and manage our costs and expenses;
- plan for and manage capital expenditures for our current and future needs;
- retain and expand existing commercial relationships;
- attract new customers and partners;
- compete effectively with our competitors;
- properly price our solutions and services;
- hire, integrate and retain talented people at all levels of our organization;
- obtain, maintain, expand, enforce and protect our intellectual property and other proprietary rights; and
- comply with existing and new laws, regulations and standards applicable to our business.

If we cannot navigate these technical, operational and regulatory challenges successfully, our business, financial condition, prospects and results of operations could be materially and adversely affected.

Our solutions and the associated hardware and software, due to the intricate nature, may contain unexpected defects, potentially diminishing our customers' satisfaction, even causing safety issues, all of which can expose us to product liability and reputation damage, subsequently, adversely affecting our business.

Most of our solutions are sold to OEMs for integration into their specific vehicle models. The 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 solutions could erode consumer confidence and undermine OEMs' trust in our offerings, potentially resulting in lost sales or warranty claims. Although we strive to identify and remedy such issues promptly, our remediation efforts may not satisfy OEM expectations or may disrupt our production schedules. In these circumstances, we may be compelled—and choose, in order to preserve customer relationships or otherwise—to commit significant additional resources to diagnose, correct and validate fixes, which could increase our operating costs and delay revenue recognition.

Furthermore, defects or cybersecurity incidents could give rise to litigation brought by OEMs, consumers or other third parties, exposing us to potential substantial liabilities, damages and legal expenses. 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. Any of these outcomes could diminish our reputation and brand, weaken our market position and materially and adversely affect, our business, results of operations, and financial condition.

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 ones depends on our capacity to consistently deliver high-quality customer support. OEMs rely on our dedicated engineering team to promptly resolve technical issues related to our solutions and to provide continuous, hands-on support throughout the product lifecycle.

As we scale our operations and support a growing customer base, it is critical that we maintain efficient and responsive customer support at scale. However, we may face challenges in hiring or retaining sufficient qualified personnel with deep knowledge of our products and solutions. We may also struggle to adapt quickly to short-term surges in demand or evolving customer expectations. In addition, we may be unable to adjust the scope, format, or quality of our support services to remain competitive with offerings from other market players. These factors could impair our ability to deliver timely technical support and maintenance, potentially leading to customer dissatisfaction, reduced customer retention, and lost business opportunities. Any actual or perceived shortfall in the quality of our support services could materially and adversely impact our reputation and overall business performance.

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 rapidly evolving automotive intelligence sector depends on our ability to continuously innovate and bring new solutions to market. To that end, we have made R&D a strategic priority. As of December 31, 2024, our R&D and fulfillment team comprised 610 employees, which represents 78.0% of our total workforce. We incurred R&D expenses of RMB261.8 million, RMB290.2 million, and RMB357.8 million as of December 31, 2022, 2023 and 2024, respectively.

Although we invest substantial resources in research and development to maintain our competitive edge, we cannot assure you that our R&D expenditures will deliver the anticipated outcomes. Misjudgments about technology trends, delays in prototype development or unforeseen technical setbacks could impair our ability to introduce new features or products on schedule. Furthermore, even if our R&D efforts are successful technically, there is no guarantee that OEMs will adopt our innovations or that end users will embrace them, nor that we will realize a return on our development investments. 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.

Some technologies involve in our solutions are emerging technologies and involve risks and uncertainties.

Many of the core components of our solutions, such as advanced voice-recognition interfaces, haptic feedback controls, in-car AI assistants and secure connectivity modules, are emerging technologies and carry inherent risks and uncertainties. Because we have limited operating history deploying these technologies at scale, it is difficult for investors to predict our ability to refine performance, integrate disparate hardware and software modules, and anticipate all technical or commercial obstacles.

China's smart vehicle solutions market continues to confront steep hurdles, from meeting rigorous automotive-grade reliability and safety standards under diverse cabin conditions to managing high R&D and prototyping costs driven by repeated design iterations. Recruiting and retaining the niche engineering talent required for human-machine interface design, real-time embedded software and automotive cybersecurity is intensely competitive. Furthermore, global regulators are still defining standards for in-vehicle infotainment safety, data privacy, software-update security and electromagnetic compatibility, any of which could require costly redesigns or additional certification testing. Finally, building lasting OEM partnerships and consumer confidence depends on flawless user experiences and robust after-sales support; early interface glitches, unexpected software conflicts or delays in software maintenance could harm our brand and slow adoption. If we fail to navigate these challenges successfully, our business, prospects, financial condition, and results of operations will be negatively impacted and our efforts to create a commercially viable business may not materialize.

The development cycles of our solutions could be lengthy and we are subject to risks associated with the planning, coordination, and execution of complex design-wins.

The development of our solutions often entails complex, multi-phase design-wins involving hardware prototyping, software integration, system validation and certification. These cycles can be protracted, sometimes spanning several quarters or longer, particularly when addressing novel features or meeting stringent automotive-grade reliability standards. During such extended timelines, we may encounter technical challenges (for example, unexpected sensor calibration issues), process setbacks (such as supplier delays or tooling rework) or shifting OEM requirements. Resolving these obstacles can drive up R&D and operational expenses, strain our quality-control processes and, in some cases, lead to design-win cancelations if solutions fail to meet performance benchmarks.

Further, automotive OEMs generally do not commit to minimum purchase quantities—even after nominating a supplier for a specific design-win—leaving us unable to forecast production volumes or secure favorable unit economics until OEMs finalize their production schedules. As a result, prolonged development cycles paired with non-binding purchase forecasts may prevent us from commercializing our technologies on a predictable timetable or at attractive margins. Any failure to bring a solution to market swiftly and cost-efficiently, or to convert development efforts into meaningful production orders may have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks and uncertainties associated with our reliance on third-party contract manufacturers.

We do not operate our own manufacturing facilities for our integrated domain control solutions. Instead, we rely on third-party contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. This dependency exposes us to several risks beyond our direct control, including potential production delays if a contract manufacturer experiences capacity constraints, supply-chain disruptions, quality-control lapses or financial instability. Because integrated domain control solutions are safety-critical components, any defects or inconsistencies introduced during outsourced production could impair system performance, trigger recalls or damage our reputation with OEM customers. Additionally, working through external manufacturers increases the risk of intellectual property leakage or misuse of our confidential designs. We may also face challenges enforcing our environmental, health and safety standards, securing sufficient production capacity during industry-wide chip shortages, or qualifying substitute suppliers on acceptable timelines and terms. If our contract manufacturers cannot meet our volume, quality or delivery requirements, our ability to fulfill customer orders, maintain reliable product performance and support after-sales service could be materially and adversely affected, with negative consequences for our business, financial condition and results of operations.

We rely on third-party service providers and business partners to support the delivery of our solutions to customers. Any failure by these third parties to meet our standards or fulfill their obligations could disrupt our operations, harm our customer relationships, and adversely affect our business performance.

We work with a broad range of third-party service providers and business partners, such as software integrators, testing laboratories and logistics providers. These partners are responsible for critical functions, such as system validation and component assembly. If any of these providers fails to fulfill its commitments in a timely manner, fails to comply with contractual terms or applicable laws, or experiences operational disruptions, we may be unable to complete product development, conduct required safety testing or deliver fully validated solutions to our OEM customers on schedule. Moreover, should we lose the cooperation of a key partner or be unable to source a qualified replacement quickly, whether due to capacity constraints, geographic limitations or heightened market demand, we could face production delays, increased unit costs or quality lapses. Such disruptions may prevent us from offering our products in the quantities, at the prices or within the timeframes expected by our customers, undermining our reputation for reliability and service. Any prolonged or repeated failures by third parties to meet their obligations could materially and adversely affect our ability to attract and retain OEM relationships, fulfill orders, maintain customer satisfaction and, ultimately, could have a material adverse impact on our business, financial condition, results of operations and growth prospects.

In addition, although we have established procedures for assessing risks and for selecting, managing and monitoring our relationships with third-party service providers, suppliers and business partners, we lack direct control over their internal operations, governance and compliance systems. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, financial condition and results of operations could suffer. Furthermore, upon expiry of our contracts, we may be unable to renew on commercially acceptable terms, or at all, or to secure suitable replacements in a timely manner. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations.

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

We extend credit to our OEMs in the ordinary course of business, which subjects us to the risk that we may not be able to collect all amounts due. As of December 31, 2022, 2023 and 2024, our trade receivables amounted to RMB157.3 million, RMB669.3 million, and RMB649.2 million, respectively, and our trade receivables turnover days were 76.4 days, 99.7 days and 169.5 days respectively. The changes in our trade receivables turnover days during the Track Record Period were primarily due to the significant increase in fourth-quarter sales compared to the preceding quarters, which resulted in a higher year-end receivables balance. 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. Prolonged or widespread payment challenges among our customer base could also force us to increase our credit-risk monitoring, redirect working capital to cover shortfalls or seek more stringent payment terms, all of which could have a negative impact on our liquidity and financial condition.

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

We have developed risk management and internal control systems designed specifically for the nature and scale of our operations, with the goal of identifying, minimizing and managing actual and potential risks. Despite 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. Additionally, 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. If our risk management or internal control systems fail to operate as intended, or if our mitigation efforts prove insufficient, our business, results of operations, and financial conditions could be adversely affected.

Our business is subject to seasonality.

Our financial performance is subject to seasonal fluctuations that align with automotive production and sales cycles. Revenue typically trends lowest in the first quarter of the year, primarily due to OEMs' production schedules and temporary slowdowns around the Chinese New Year holiday period. Revenue generally increases through the second and third quarters as OEMs ramp up vehicle production to meet annual targets and prepare for model year launches, culminating in a peak during the fourth quarter. This seasonality also affects working capital dynamics, as higher production levels in the second half of the year often lead to increased inventory, which may temporarily impact our cash flow and liquidity. Such fluctuations are seasonal in nature and thus our quarterly or half-year results may not be indicative of our results of operations for the full year.

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, financial condition, and results of operations.

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 anticorruption, 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 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 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 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 continue to enjoy the level of government grants that we received in the past.

We have historically benefited from government grants and preferential tax treatments awarded in recognition of our research and development activities. We have recognized government grants for our continuing operations of RMB9.9 million, RMB5.3 million and RMB7.6 million in 2022, 2023 and 2024, respectively.

However, these grants are typically one-off awards rather than recurring commitments, and there can be no assurance that similar incentives will be available in the future. Moreover, Chinese regulatory authorities may alter, reduce or eliminate these subsidy programs at their discretion, or even require repayment of grants previously received if we fail to satisfy statutory conditions, any of which could materially diminish our cash flows, increase our effective tax rate and adversely affect our financial position. Should we be unable to secure equivalent government support or preferential tax treatment going forward, our ability to fund ongoing R&D investments and sustain our competitive position in the market may be significantly impaired.

Our business success depends on our ability to build and maintain strong brand recognition and a positive 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 solution defects, incident reports, negative media coverage or other forms of negative publicity regarding our industry, brands, solutions, our Company, directors, senior management, employees or business partners. For example, adverse news or social media commentary about the automotive intelligence industry, even if unrelated to us, may shape consumer attitudes and erode confidence in smart vehicle technologies as a whole. 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 Company, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. In particular, as we sell 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.

If we fail to meet our contractual obligations to customers, including those related to contract liabilities, our business, financial condition, and results of operations may be materially and adversely affected.

As of December 31, 2024, our contract liabilities were RMB19.3 million. Our contract liabilities represent advance payments from our customers while the underlying embedded solutions have yet to be provided. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into operating revenue, and our customers may also require us to refund the purchase price we have received, which may adversely affect our cash flows and liquidity condition, our ability to meet our working capital requirements, our business, financial condition and results of operations. In addition, if we fail to fulfill our obligations under our contracts with customers, our relationship with such customers may materially and adversely affected, which may also affect our business, financial condition and results of operations in the future.

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.

We have designed, implemented, and tested security measures intended to prevent unauthorized access to our 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, 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. A successful breach could allow attackers to modify firmware or application code, alter user-interface behavior, disable safety functions or exfiltrate confidential data. Even an attempted attack or a perceived vulnerability can undermine OEM and consumer confidence in our solutions, interrupt our development or production activities and force us to divert significant resources to incident response, remediation and legal defense. In addition to potential litigation and regulatory penalties, such events could expose us to financial losses from fraud, damage our reputation in the market and materially and adversely affect our business, financial condition, results of operations and growth prospects.

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.

Our solutions depend critically on the availability, reliability and security of our information technology and communications infrastructure. Any malfunction, unexpected failure or interruption, whether due to physical events (such as fire, natural disasters, power outages, theft or terrorist acts), cyberattacks (including viruses, ransomware, denial-of-service or social engineering schemes), insider misconduct or failures at third-party providers (such as cloud or mapping service vendors), could render our platforms unavailable or significantly degrade their performance. Such outages or degradations may prevent us from delivering consistent services to OEM customers, undermine confidence in our offerings, disrupt our daily operations and damage our reputation. In addition, extended or recurrent IT failures could expose us to contractual penalties, liability claims, regulatory scrutiny or increased costs to remediate and harden our systems. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and growth prospects.

The smart vehicle industry in China is still emerging and rapidly evolving, and the regulatory landscape remains uncertain. As a result, we may face increased scrutiny or stricter regulatory requirements in the future, which could adversely affect our business and growth prospects.

China's smart vehicle industry remains nascent and is developing at a rapid pace. Regulators are actively shaping the automotive intelligence market, and as they introduce new rules and regulations mandating licensing regimes, safety protocols, data-privacy mandates and cybersecurity requirements for in-vehicle intelligence systems, we may face increased scrutiny, higher compliance costs and potential delays in product roll-outs while securing necessary approvals. However, given that many of these laws and regulations are still being drafted or refined, there remains uncertainty as to how they should be interpreted and implemented in practice. The evolving regulatory landscape may require us to incur substantial additional compliance costs, modify certain aspect of our solutions product, delay product launches, complicate our market planning. If regulators impose onerous obligations or restrict key features of our solutions, our ability to innovate, compete and expand could be materially and adversely affected, with negative consequences for our business, financial condition and growth prospects.

Our business is subject to a variety of laws, regulations, rules, policies, and other obligations regarding privacy, data protection, and cybersecurity. Any losses, unauthorized access, or releases of confidential information or personal information could subject us to significant reputational, financial, legal, and operational consequences.

We process various categories of data in the course of our operations, including automobile-related data and other information necessary to support our business activities. We do not collect or process any personal information from end users of our products and solutions. We are firmly committed to maintaining robust data security practices and to complying with applicable laws and regulations governing data protection, privacy, and cybersecurity.

We are subject to an evolving and increasingly complex regulatory framework governing the collection, storage, use, transfer, disclosure, and other processing of data. See "Regulatory Overview" for laws, rules, and regulations in this respect. Interpretation, application, and enforcement of these laws, rules, and regulations evolve from time to time, and their scope may continually change through new legislation, amendments to existing legislation, and changes in enforcement. We have incurred, and will continue to incur, significant expenses to comply with privacy, data protection, and cybersecurity standards and protocols imposed by laws, regulations, national and industry standards, or contractual obligations. Changes in existing laws or regulations or adoption of new laws and regulations relating to privacy, data protection, and cybersecurity, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations regarding data retention, transfer, disclosure, or other processing, could significantly increase the cost to us of providing our product or service offerings or require significant changes to our operations.

Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and cybersecurity, it is possible that our practices, product and service offerings could fail to meet all of the requirements imposed on us by such laws, regulations, or obligations. Any failure on our part to comply with applicable laws or regulations or any other obligations relating to privacy, data protection, or cybersecurity, or any compromise of security that results in unauthorized access, use, or release of data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, or any perceptions of privacy concerns, whether or not valid, could damage our reputation, discourage new and existing customers from using our products or solutions, or result in investigations, fines, suspension or termination of operations, or other penalties by government authorities and private claims or litigation, any of which could materially and adversely affect our business, financial condition, and results of operations.

In addition, pursuant to the revised Measures for Cybersecurity Review (《網絡安全審查辦法》), the Revised Measures for Cybersecurity Review, effective on February 15, 2022, (i) a critical information infrastructure operator ("**CIIO**") purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, shall be subject to the cybersecurity review, (ii) a platform operator holding more than one million users' personal information which pursues listing in a foreign country must apply for cybersecurity review according to Article 7 of the Revised Measures for Cybersecurity Review. As of the Latest Practicable Date, we have not been notified by any competent PRC authority responsible for critical information infrastructure security protection that we are classified as a CIIO. Since **[REDACTED]** on the Stock Exchange does not constitute **[REDACTED]** "in a foreign country", the cybersecurity review requirement under Article 7 of the Revised Measures for Cybersecurity Review is not applicable to the proposed **[REDACTED]**. Nevertheless, the Revised Measures for Cybersecurity Review grant the governmental authorities the discretion to initiate a cybersecurity review if they deem any data processing activity affects or may affect national security.

As of the Latest Practicable Date, we have not received any notice from the Cyberspace Administration of China ("**CAC**") to initiate any cybersecurity review on us under the Revised Measures for Cybersecurity Review. However, given that the meaning of terms such as "activities that affect or may affect national security" under current PRC laws and regulations requires further clarification from the competent authorities, uncertainties still exist in relation to the interpretation and implementation of the Revised Measures for Cybersecurity Review. We cannot assure you that we will not be subject to the cybersecurity review or that new rules or regulations promulgated in the future will not impose additional compliance requirements on us.

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.

There is no guarantee that our application of intellectual property rights will always be granted. 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.

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, 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 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 technologies.

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 services, require us to develop alternative non-infringing technologies 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 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 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.

Failure to comply with relevant regulations, or obtain and maintain required licenses, approvals and permits in a timely manner, could adversely affect our operations and expose us to penalties or enforcement actions.

We cannot assure you that the licenses we have obtained 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 further interpretation by relevant authorities 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 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."

Failure to promptly and effectively address any fraudulent, illegal, or otherwise improper conduct by our employees could harm our business operations, damage our reputation, and expose us to legal or regulatory liabilities.

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 customer away from us, and materially and adversely affect our business, results of operations, and financial condition.

Non-compliance with applicable laws or regulations by any third parties we work with—including suppliers, service providers, or other business partners—could disrupt our operations and expose us to reputational, legal, or financial risks, which may adversely affect our business, financial condition, and results of operations.

Our business operations and reputation are significantly influenced by the conduct of third parties we work with. Despite our efforts to implement stringent oversight mechanisms and ethical guidelines, we cannot assure you that our suppliers, service providers and other business partners will not incur liabilities or suffer losses due to any misconduct or non-compliance. If we fail to identify misconduct or non-compliance in the business practices of the third parties we work with, or if such misconduct or non-compliance will not be corrected in a prompt and proper manner, our business activities and reputations could be harmed, which may in turn affect our business, financial condition and results of operations.

Furthermore, it may not always be possible to prevent or detect misconduct of these parties. Any misconduct by these parties, including fraudulent activities, non-compliance with laws and regulations, unethical business practices, or any other actions that are inconsistent with our corporate policies and values, could result in legal proceedings, regulatory fines and other penalties, further damaging our reputation, eroding consumer trust and leading to loss of business, decreased market share and potential difficulties in attracting and retaining business partners.

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 nine properties in the PRC, among which eight of our lease agreements had not been registered with the relevant local authorities. There is no assurance that the lessors will cooperate and complete the registration in a timely manner. Failure to complete the lease registration will not affect the legal effectiveness of the lease agreements according to PRC law, but the real estate administrative authorities may require the parties to the lease agreements to complete lease registration within a prescribed period of time, and the failure to do so may subject the parties to fines from RMB1,000 to RMB10,000 for each of such lease agreements. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements. However, if we are fined for unregistered leases, we may be unable to recover those penalties from our 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 are beneficiary of the property insurance purchased by our contract manufacturers, which covers potential risks and liabilities associated with our equipment and raw materials used in the manufacturing process. We also provide commercial medical insurance in addition to the insurance pursuant to PRC laws and regulations for our employees. However, we do not maintain business interruption insurance, key-person 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.

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

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, 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."

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, financial condition, and results of operations.

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. For more information on our R&D personnel, see "—Our ability to maintain technological leadership depends on attracting and retaining top-tier R&D talent, and failure to do so could significantly undermine our competitive position and future growth."

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.

Our net current liabilities may expose us to liquidity risks.

Our net current liabilities and net liabilities may expose us to certain liquidity risks. As of December 31, 2022, 2023 and 2024, we recorded net current liabilities of RMB1,057.5 million, RMB1,434.3 million and RMB1,730.0 million, respectively. Our net current liabilities position primarily arose from convertible redeemable preferred shares. The value of such preferred shares, amounted to RMB1,747.4 million, RMB1,967.1 million and RMB2,082.1 million as of December 31, 2022, 2023 and 2024, respectively. Because the convertible redeemable preferred shares will automatically convert into ordinary shares upon the completion of the **[REDACTED]**, it will no longer be classified as liabilities afterwards. For a more detailed discussion of our net current liabilities and our working capital, see "Financial Information—Discussion of Selected Items from the Consolidated Balance Sheet and "Financial Information—Working Capital."

Net current liabilities and net liabilities may constrain our operational flexibility and adversely affect our ability to expand our business. Our future liquidity, including the payment of trade and other payables when they become due, will primarily depend on our ability to generate adequate cash inflows from operating activities and obtain sufficient external financing. This, in turn, will be affected by our future operating and financial performance, industry trends, and prevailing economic and capital market conditions, many of which are beyond our control.

If we are unable to maintain sufficient working capital to meet our financial needs internally, we may need to pursue external funding. A failure to secure additional financing on acceptable terms, or at all, may force us to delay or abandon development and expansion plans. As a result, our business, financial position, and operating results may be materially and adversely affected.

Our business, revenue, and financial results may be materially and adversely affected by macroeconomic conditions in China and globally, including any economic slowdown, financial or credit market instability, or changes in consumer spending patterns.

The success of our business ultimately depends on consumer spending. We derive a substantial majority of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by the economic conditions globally, particularly in China. 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.

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.

Growing attention to environmental, social, and governance (ESG) matters may lead to higher costs or increased risks. Non-compliance with ESG laws and regulations could result in penalties and negatively impact our business, financial condition, and results of operations.

Companies across all industries are facing increasing scrutiny relating to their environmental, social and governance, or ESG, policies. Investors, lenders, and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG calls for capital, investors and lenders to tilt their investment decisions to favor industries and companies with recognized ESG practices. In response to these trends, China may potentially adopt more stringent standards in these areas.

Our focus on developing smart vehicle technologies align with these ESG concerns by offering substantial safety benefits. Our technologies aim to reduce road accidents caused by human error, a leading cause of injuries and fatalities globally. Additionally, our autonomous vehicles are designed for efficiency, optimizing routes, and maintaining consistent speeds to lower fuel consumption and decrease emissions. Despite our efforts to meet and exceed ESG standards, evolving expectations may challenge our ability to continuously align with them. There is a risk that we might be perceived as not adequately addressing ESG concerns, even in the absence of legal mandates. Such perceptions can harm our reputation, negatively influencing our future business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

We are required to complete filing procedures with the CSRC for the **[REDACTED]** and **[REDACTED]** of our Shares on the Hong Kong Stock Exchange. We will file with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures and will take any actions necessary to complete the required procedures with the CSRC. However, we cannot assure you that we will be able to complete such filing or meet such requirements in a timely manner or at all, or completion could be rescinded, any failure of any which may restrict our ability to complete the proposed **[REDACTED]**.

The Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "**Archives Rules**") requires that, in relation to the overseas securities [**REDACTED]** and **[REDACTED]** activities of domestic enterprises, either in direct or indirect form, such domestic enterprises are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

Furthermore, we cannot assure you that new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures, or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

Changes in international relations, geopolitical tensions, and trade protection policies, including the imposition of trade restrictions, investment restrictions, sanctions, export controls, or tariffs, may materially and adversely affect our business, financial condition, and results of operations.

Changes in international trade policies and rising geopolitical tensions—particularly between the United States and China, but also as a result of the war in Ukraine and sanctions on Russia—have created a complex and evolving global business landscape. Tensions between China and the United States have been especially pronounced since the COVID-19 pandemic, due to several developments, including the implementation of the Hong Kong National Security Law by the PRC National People's Congress, sanctions imposed by the U.S. Department of the Treasury ("**Treasury**") on certain officials of the Hong Kong Special Administrative Region and the PRC central government, U.S. export control laws administered by the Bureau of Industry and Security, and executive orders issued by the U.S. President in August 2020 that prohibit certain transactions with select China-based companies and their subsidiaries.

These developments have heightened uncertainty and risk across international trade, cross-border investment, and technology supply chains. Measures such as tariffs, export controls, sanctions, restrictions on technology transfer, and increased regulatory scrutiny of Chinese companies by U.S. and other foreign authorities could negatively impact our supply chain, limit our access to essential components or technologies, and constrain our ability to conduct business internationally. Moreover, the possibility of additional or expanded sanctions, trade restrictions, or regulatory actions—whether arising from new legislation, executive orders, or evolving geopolitical dynamics—could adversely affect our operations, financial condition, and prospects.

Most recently, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized, reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. Shortly thereafter, China and the European Union announced higher tariff rates on U.S. goods entering their markets. Furthermore, the European Union has imposed countervailing duties ranging from 17% to 35.3%—with certain exceptions, which face a duty of 7.8%—on electric vehicles (EVs) imported from China for a period of five years starting October 30, 2024. These duties are in addition to the EU's standard 10% car import duty. Laws and regulations such as these are subject to frequent change, and their interpretation and enforcement involve substantial uncertainty, often heightened by national security considerations and other factors beyond our control. The increased tariffs imposed by both the EU and the United States will directly affect our Chinese OEM customers and could indirectly have a material adverse effect on our business, operations, and financial performance. If our integrated domain control solutions are exported directly to the EU, the United States, or other jurisdictions with similar tariffs, we may also be subject to increased duties on those products. Because our business involves cross-border trade, these tariff measures could increase our import costs and, in turn, adversely impact our competitiveness, business, financial condition, and operating results. Although on May 12, 2025, China and the U.S. reached a temporary de-escalation of bilateral tariffs—reducing additional tariffs on most Chinese exports from 145% to 30% and lowering additional tariffs on U.S. goods from 125% to 10%—global trade tensions remain elevated. Future trade policies may continue to evolve, and new tariffs, import/export restrictions, or technology controls may be implemented, potentially introducing further uncertainty and operational challenges for our business.

In addition, on August 9, 2023, former President Biden issued Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern," ("E.O. 14105"). In accordance with E.O. 14105, Treasury issued implementing regulations (the "Outbound Investment Rules"), which became effective on January 2, 2025. Under the Outbound Investment Rules, U.S. Persons face prohibitions and notification requirements for a broad range of investments in entities associated with China, Hong Kong SAR, and Macau SAR that are engaged in any "covered activity" in (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, such entities are collectively defined as "covered foreign persons." Covered transactions include certain equity investments, debt financing, joint ventures, and limited partnership investments in non-U.S. pooled funds. The Outbound Investment Rules also carve out certain excepted transactions. One such exception is an investment by a U.S. person in any "publicly traded security, with 'security' as defined in section 3(a)(10) of the Securities Exchange Act of 1934, that (i) trades on a securities exchange or through the method of trading that is commonly referred to as 'over-the-counter' in any jurisdiction" and (ii) does not afford the U.S. person rights beyond standard minority shareholder protections. The Outbound Investment Rules may introduce new hurdles and uncertainties for cross-border collaborations, investments, and fundraising activities of China-based issuers such as us. Although we believe that we are not a covered foreign person under the Outbound Investment Rules, as we do not engage in any "covered activity" or otherwise fall within the definition, there is no assurance that Treasury will share this view. If we are deemed to be a covered foreign person, and if U.S. persons engage in a covered transaction involving our Shares, such U.S. persons may need to submit a notification to Treasury under the Outbound Investment Rules.

Although we believe our Shares are currently not restricted by the Outbound Investment Rules, evolving regulations and differing interpretations could further restrict our future ability to raise capital from U.S. investors, potentially harming our business, financial position, and prospects. Under extreme circumstances, the value of our Shares could decline significantly or even become worthless.

Additionally, heightened scrutiny of Chinese companies, including potential delisting actions in the U.S. capital markets, increased regulatory oversight of cross-border investments, and restrictions on investment or business relationships with Chinese entities, could impair our access to international capital markets and limit our ability to secure financing or strategic partnerships. Given the dynamic and unpredictable nature of these geopolitical developments, our business could be materially and adversely affected by further changes in international trade policies or by ongoing geopolitical tensions.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the De Facto Standards of Organizational Management (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to the above circular, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in China; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (4) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of our Shares by such shareholders may be subject to PRC tax at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your **[REDACTED]** in our Shares.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from or registration with governmental authorities and limitation on amount, or we may make additional capital contributions to our PRC subsidiaries in

China. Any loans to our PRC subsidiaries are subject to PRC regulations and applicable foreign exchange loan registrations. For example, any loans by us to our PRC subsidiaries to finance their activities are subject to applicable foreign loan registration with the local counterpart of SAFE and limitation on amount under PRC laws, and any medium or long-term loans by us to our PRC subsidiaries must be approved and registered with the NDRC. Additionally, if we finance such subsidiary by means of additional capital contributions, these capital contributions must be registered, reported or filed with certain government authorities, including the Ministry of Commerce, the State Administration for Market Regulation and the SAFE or their local counterparts. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries' liquidity, our ability to fund and expand our business in the PRC. As a result, this may have a material adverse effect on our business, financial condition and results of operations.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and we may rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services of any debt we may incur. If our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their distributable profits. Distributable profits are our PRC subsidiaries' after-tax profits, less any recovery of accumulated losses and appropriations to statutory reserves as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries may also allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at their discretion. The profits allocated into the statutory reserve funds and the discretionary funds cannot be distributed to us as dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC resident companies.

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our Company by non-resident investors. In February 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告). Pursuant to this regulation, an "indirect transfer" of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. In October 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (關於非居民企業所得稅源泉扣繳有關問題的公告), which further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may be subject to filing obligations or be taxed under the above mentioned two bulletins, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations.

Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局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). Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our Company becomes an overseas-listed company upon the completion of the **[REDACTED]**. Failure to complete SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

While our revenues are denominated in Renminbi, a substantial amount of our cost of revenues are denominated in U.S. dollar. We may need to obtain foreign currency to make payments of hardware materials and declare dividends, if any, on our Shares. In addition, our **[REDACTED]** from the **[REDACTED]** will be denominated in Hong Kong dollars. The value of currencies against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the People's Bank of China, which is affected by, among other things, changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. The **[REDACTED]** from the **[REDACTED]** will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect our purchase power and the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors may adversely affect our business, hence the **[REDACTED]** our Shares in Hong Kong dollars.

The enforcement of PRC Labor Contract Law and other labor related regulations may materially affect our business, financial condition, and results of operations.

Pursuant to the Labor Contract law of the PRC (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to strict requirements regarding the execution of labor contracts, minimum wage standards, payment of remuneration, limitations on overtime work hours, terms of employee probation, and restrictions on the unilateral termination of labor contracts. These regulations may limit our ability to adjust our workforce at will or terminate employment contracts as needed.

During the Track Record Period, we have engaged third-party human resources agencies to make social insurance and housing provident fund contributions for some of our employees. As a result, there is a risk that the relevant government authorities may determine that we have not properly contributed social insurance and housing provident funds for those employees. Furthermore, if such third-party agencies fail to fulfill their obligations under the relevant agreements to make such payments, it could lead to potential disputes between us and the affected employees. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties or disputes in respect of social insurance or housing provident fund contributions. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees, and our business, financial condition, and results of operations could be materially and adversely affected.

Certain judgment obtained against us by our shareholders may not be enforceable.

We are a company incorporated in the Cayman Islands, and substantially all of our current operations are conducted in China. In addition, to our knowledge, most of our current Directors and officers are residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, to bring an action in Hong Kong against us or against these individuals or their assets located in China in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise, or seek to enforce a foreign judgment in Hong Kong courts. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), which seeks to establish a bilateral legal mechanism with further clarity and certainty for recognition and enforcement of Judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. However, outcomes of any applications to recognize and enforce such judgments and arbitral awards in mainland China will be subject to further adjudication by PRC courts in accordance with PRC laws, including the PRC civil procedure law.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and their liquidity and [REDACTED] maybe volatile.

Prior to the **[REDACTED]**, there has been no public market for our Shares. The initial **[REDACTED]** for our Shares to the **[REDACTED]** will be the result of negotiations between us and the Overall Coordinators (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** of our Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the Shares in issue and to be issued pursuant to the **[REDACTED]** (including the Shares which may be issued pursuant to the Pre-**[REDACTED]** Option Plan and the exercise of the **[REDACTED]**). A **[REDACTED]** on the

Stock Exchange, however, does not guarantee that an active and **[REDACTED]** for our Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** of our Shares will not decline following the **[REDACTED]**.

Furthermore, the **[REDACTED]** and **[REDACTED]** of our Shares may be volatile. The following factors, among others, may cause the **[REDACTED]** of our Shares after the **[REDACTED]** to vary significantly from the **[REDACTED]**:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in the PRC and in the global economy;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

Moreover, shares of other companies **[REDACTED]** on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. It is possible that our Shares may be subject to changes in price not directly related to our performance and as a result, **[REDACTED]** in our Shares may suffer substantial losses.

The [REDACTED] and volume of the Shares may be volatile, which could result in substantial losses to you.

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

We have not recognized any share-based compensation expense in the past but will recognize a substantial amount of share-based compensation expense upon the completion of the [REDACTED], which will have a significant impact on our results of operations.

We have adopted the Pre-**[REDACTED]** Option Plan pursuant to which we may grant options to purchase our Shares. We are required to classify share options granted to our employees, directors and consultants as equity awards and recognize share-based compensation expense based on the fair value of such share options, with the share-based compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. Because the exercisability of the share options granted by us is conditional upon completion of the **[REDACTED]**, we have not recognized share-based compensation expense relating to these share options granted by us yet.

As a result, upon the completion of the **[REDACTED]**, we expect to begin to recognize a substantial amount of share-based compensation expense, and we expect the recognition of such share-based compensation expenses to have a significant impact on our results of operations following the **[REDACTED]** is completed. Moreover, if additional share options or other equity incentives are granted to our employees, directors or consultants in the future, we will incur additional share-based compensation expenses, and our results of operations will be further adversely affected. For more details of the Pre-**[REDACTED]** Option Plan, see "Statutory and General information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document.

You will experience immediate dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the Pre-[REDACTED] Option Plan.

[REDACTED]

As of the Latest Practicable Date, we have adopted the Pre-**[REDACTED]** Option Plan. No options under the Pre-**[REDACTED]** Option Plan will be further granted after the **[REDACTED]** and all granted options have been granted to specified individuals under the Pre-**[REDACTED]** Option Plan. For more details of the Pre-**[REDACTED]** Option Plan, see "Statutory and General information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document. Any options or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per Share.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, senior management and Pre-[REDACTED] Investors, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, senior management and Pre-**[REDACTED]** Investors, or the perception or anticipation of such sales, could negatively impact the **[REDACTED]** of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We do not expect to pay dividends in the foreseeable future after the [REDACTED].

We do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the **[REDACTED]** or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, the [REDACTED] may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

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.

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

There may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, 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 responsibility for the accuracy or completeness of such press articles or other media coverage. 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. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. 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.

You should rely solely upon the information contained in this Document, the **[REDACTED]** and any formal announcements made by us in Hong Kong in making your **[REDACTED]** decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective **[REDACTED]** should not rely on any such information, reports or publications in making their decisions as to whether to **[REDACTED]** in our **[REDACTED]**. By applying to purchase our Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and the **[REDACTED]**.

[REDACTED] should not place undue reliance on facts, forecasts, estimates and other statistics in this Document relating to the economy and our industry obtained from official resources.

Facts, forecasts, estimates and other statistics in this Document relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information. Neither we or any of our respective affiliates or advisors, nor the Overall Coordinators, the Joint **[REDACTED]**, Joint Sponsors, Joint **[REDACTED]**, Joint **[REDACTED]**, the Co-manager, any of the **[REDACTED]**, or any of their respective directors, supervisors, officers, employees, advisors, agents or representatives or any other party involved in the **[REDACTED]**, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this Document may not be consistent with other information available from other sources and therefore, **[REDACTED]** should not unduly rely on such information 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 and exemption from the Companies (Winding up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, all applicants applying for a primary **[REDACTED]** on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of an applicant's executive directors must be ordinarily resident in Hong Kong.

Our headquarters are based, and substantially all of the business operations of our Group are managed and conducted, in the PRC. Our executive Directors ordinarily reside outside Hong Kong and they play very important roles in our Company's business operations. It is in our best interests for them to remain in close proximity to our Group's central management located in the PRC. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied for, and the Stock Exchange [has granted] the Company, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that the Company will implement the following arrangements:

(i) We have appointed Mr. Tao Yiyang (陶憶陽), our executive Director, and Ms. Lu Yaoqi (盧瑤琪), our joint company secretary, as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, and email to promptly deal with inquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. See "Directors and Senior Management" for more information about our Authorized Representatives;

(ii) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes in the Authorized Representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone numbers and email address) of all Directors to facilitate communication with the Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;

(iii) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time;

(iv) we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules commencing on the **[REDACTED]**, for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Adviser will have access at all times to our Authorized Representatives, Directors, and members of our senior management, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Adviser have been provided to the Stock Exchange and the Company will inform the Stock Exchange promptly in respect of any change in the Compliance Adviser; and

(v) we have designated staff members as the communication officer at the Company's headquarters after the **[REDACTED]** who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or inquiries from the Stock Exchange and report to the executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience," the Stock Exchange will consider the individual's:

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

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

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

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Lu Yaoqi (盧瑤琪) ("**Ms. Lu**") as one of our joint company secretaries. Ms. Lu has sufficient experience in regulatory compliance matters of our Company but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Li Kin Wai (李健威) ("**Mr. Li**"), who is an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary. Mr. Li will provide assistance to Ms. Lu for an initial period of three years from the **[REDACTED]** to enable Ms. Lu 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.

Since Ms. Lu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Lu may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) 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 (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the **[REDACTED]**, and is granted on the condition that Mr. Li will work closely with Ms. Lu to jointly discharge the duties and responsibilities as company secretary and assist Ms. Lu in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Li will also assist Ms. Lu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Li is expected to work closely with Ms. Lu and will maintain regular contact with Ms. Lu, the Directors and the senior management of our Company. The waiver will be revoked immediately if Mr. Li ceases to provide assistance to Ms. Lu as a joint company secretary for the three-year period after the **[REDACTED]** or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Lu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. Ms. Lu will also be assisted by (a) Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Lu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with the Stock Exchange to enable it to assess whether Ms. Lu, having benefited from the assistance of Mr. Li for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-[REDACTED] OPTION PLAN

Rule 17.02(1)(b) of the Listing Rules requires a **[REDACTED]** to, inter alia, disclose in this Document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon **[REDACTED]** as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options.

Paragraph 27 of Appendix D1A to the Listing Rules requires a **[REDACTED]** to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document must state the matters specified in Part I of the Third Schedule. Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

According to Chapter 3.6 of the Guide for New Listing Applicants published by the Stock Exchange, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the date of this Document, our Company had granted outstanding options under the Pre-**[REDACTED]** Option Plan to 552 grantees ("**Grantee(s)**") to subscribe for an aggregate of [39,825,034] Shares, among which options representing (i) 15,407,728 Shares were granted to three executive Directors (who represent all members of our senior management), (ii) 1,050,000 Shares were granted to four consultants, (iii) 7,600,000 Shares were granted to one connected person of the Company, and (iv) 15,767,306 Shares were granted to 544 other employees of the Group, who are not Directors, members of senior management, consultants or connected persons of the Company. As of the date of this Document, all options granted under the Pre-**[REDACTED]** Option Plan remained outstanding. Assuming full exercise of such outstanding options, the shareholding of our Shareholders immediately following the **[REDACTED]** will be diluted by approximately **[REDACTED]**%, assuming the **[REDACTED]** is not exercised.

No options under the Pre-**[REDACTED]** Option Plan will be further granted after the **[REDACTED]**. For more details of the Pre-**[REDACTED]** Option Plan, see "Statutory and General information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the Pre-**[REDACTED]** Option Plan and the Grantees on the ground that full compliance with such disclosure requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

(i) given that 552 Grantees are involved for the grant of outstanding options under the Pre-**[REDACTED]** Option Plan, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements as the Company would need to collect and verify the addresses of a large number of the grantees to meet the disclosure requirement;

(ii) the disclosure of the personal details of each grantee, including their names, addresses for the grantees and the number of options granted, may require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of the grantees;

(iii) the key information of the Pre-**[REDACTED]** Option Plan will be disclosed in this Document, including (i) a summary of the terms of the Pre-**[REDACTED]** Option Plan; (ii) the aggregate number of the Shares subject to the options and the percentage of our Shares of which such number represents; (iii) the potential dilution effect on shareholdings and earnings per Share upon full exercise of the options immediately following completion of the **[REDACTED]**; and (iv) the details of the options granted, including exercise prices, grant dates, vesting periods and the percentage of our Company's total issued share capital represented upon completion of the **[REDACTED]**;

(iv) the grant and exercise in full of the options under the Pre-**[REDACTED]** Options Plan will not cause any material adverse impact to the financial position of our Group; and

(v) the lack of full compliance with the disclosure requirements set out above will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of any potential investors.

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public investors.

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options granted under the Pre-**[REDACTED]** Option Plan subject to the conditions that:

(i) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;

(ii) on an individual basis, full details of all the options granted by the Company under the Pre-**[REDACTED]** Option Plan to each of the Directors (who represent all members of our senior management), and one connected person of the Company, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this Document;

(iii) the other 548 Grantees (including four consultants) who are not Directors, senior management or connected person of the Company have been granted options under the Pre-**[REDACTED]** Option Plan representing an aggregate of 16,817,306 Shares and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;

(iv) the aggregate number of Shares underlying the outstanding options granted and the percentage of our Company's total issued share capital represented by such number of Shares as of the date of this Document will be disclosed in this Document;

(v) a summary of the principal terms of the Pre-**[REDACTED]** Option Plan will be disclosed in "Statutory and General Information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document;

(vi) the particulars of this waiver are set out in this Document; and

(vii) a full list of all the Grantees who had been granted options to subscribe for the Shares under the Pre-**[REDACTED]** Option Plan, containing all details as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V to this Document.

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(i) on an individual basis, full details of all the options granted by our Company under the Pre-**[REDACTED]** Option Plan to each of our Directors (who represent all members of our senior management) and connected person are disclosed in this Document, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(ii) the other 548 Grantees (including four consultants) who are not Directors, senior management or connected persons of the Company have been granted options under the Pre-**[REDACTED]** Option Plan representing an aggregate of 16,817,306 Shares and the exercise in full of such options and the vesting of such share awards will not cause any material adverse change in the financial position of our Company;

(iii) a full list of all the grantees (including the persons referred to in sub-paragraphs (i) and (ii) above) who have been granted options to subscribe for Shares under the Pre-**[REDACTED]** Option Plan, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and

Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V to this Document;

(iv) the particulars of the exemption be set out in this Document; and

(v) this Document is issued on or before **[REDACTED]**.

Further details of the Pre-**[REDACTED]** Option Plan are set out in "Statutory and General Information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document.

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Zhuang Li (莊莉)	3225 Emerson ST Palo Alto California USA	American
Mr. Tao Yiyang (陶憶陽)	38 Scotts RD #23-08 Singapore	Chinese (Hong Kong)
Mr. Li Siwei (李思維)	No. 53 Xiejia Hutong Dongcheng District Beijing PRC	Chinese
Non-Executive Director		
Ms. Cui Jing (崔婧)	No. 6, Qiankoudai Hutong Xicheng District Beijing PRC	Chinese
Independent Non-Executive Directors		
Mr. Shi Kangping (施康平)	Room 801, Gate 2, Building 3, Yard 9 Nanxiange Street Xicheng District Beijing PRC	Chinese
Mr. Zhang Chen (張晨)	27D, Building 1, No. 1500 Middle Huaihai Road Xuhui District Shanghai PRC	American
Dr. Zhou Lidong (周禮棟)	10646 NE 18th St Bellevue Washington USA	Chinese

For further information of our Directors, see "Directors and Senior Management".

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors *(In alphabetical order)*	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Citigroup Global Markets Asia Limited 50th Floor, Champion Tower 3 Garden Road Central Hong Kong
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The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the **[REDACTED]**. *We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Overall Coordinators, the* **[REDACTED]**, *Joint Sponsors,* **[REDACTED]**, *Joint* **[REDACTED]**, *the Co-manager, any of the* **[REDACTED]**, **[REDACTED]**, *any of their respective directors and advisors, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on Global and China's intelligent vehicle and integrated domain control solutions industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB280,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

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

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

OVERVIEW OF GLOBAL AND CHINA'S INTELLIGENT VEHICLE INDUSTRY

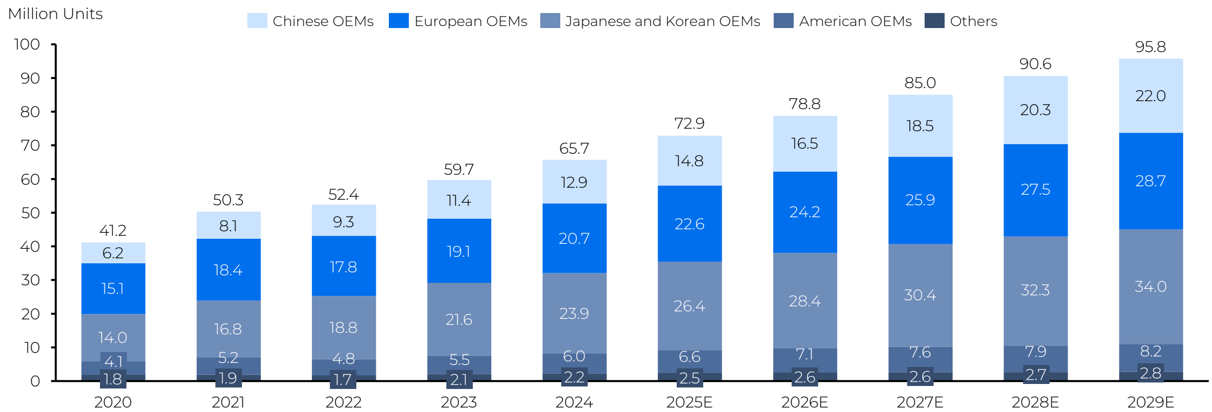
Definition of Intelligent Vehicle

Intelligent vehicles refer to next-generation automobiles equipped with advanced electronic and software systems that enable real-time perception, decision-making, control, and connectivity. At the core of intelligent vehicles is the smart cockpit, which delivers a highly interactive and immersive user experience through multimodal human-machine interfaces (HMI)—including voice commands, touchscreen inputs, and gesture recognition. These systems are supported by integrated digital displays and rich infotainment platforms, significantly enhancing in-cabin engagement and personalization. Beyond the cockpit, intelligent vehicles are equipped with an array of high-performance sensors, actuators, and communication modules that enable comprehensive environmental awareness, intelligent decision-making, and precise control. They enable seamless data exchange with external systems such as other vehicles, infrastructure, pedestrians, and cloud platforms. Additionally, intelligent vehicles increasingly integrate advanced driver assistance systems (ADAS) and are advancing toward higher levels of autonomous driving. Together, these capabilities mark the transition of automobiles from traditional mechanical products into intelligent, software-defined mobility platforms, redefining the relationship between users and vehicles.

Market Size of Global and China's Intelligent Vehicle Industry

Driven by accelerating trends in electrification, intelligence, and connectivity, the global intelligent vehicle market has experienced robust growth in recent years. From 2020 to 2024, global sales volume of intelligent vehicles rose from 41.2 million to 65.7 million units. Looking ahead, continued advancements in autonomous driving and vehicle connectivity are expected to further fuel market expansion. By 2029, global intelligent vehicle sales volume is projected to reach 95.8 million units. China has emerged as a key driver of this momentum, solidifying its role as a global vehicle manufacturing hub. Chinese OEMs have significantly outpaced the broader market, with intelligent vehicle sales volume rising from 6.2 million units in 2020 to 12.9 million in 2024. This rapid growth reflects their increasing technological sophistication and competitive supply chain layout. Looking to 2029, Chinese OEMs are expected to capture 23.0% of global intelligent vehicle sales volume, reaching 22.0 million units. This evolving landscape presents a strategic inflection point for suppliers across the automotive value chain. Traditionally focused on serving domestic OEMs, Chinese suppliers now face a critical opportunity to expand globally alongside their OEM partners. As Chinese vehicle brands broaden their international footprint, related suppliers can diversify their customer base and tap into new markets—positioning themselves as global players in the intelligent mobility era.

Global Intelligent Vehicles Sales Volume by Origin of OEMs, 2020-2029E



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

Evolution of Intelligent Vehicle Electronic and Electrical (E/E) Architecture

The Electronic and Electrical (E/E) architecture of intelligent vehicles refers to the underlying system that integrates and manages all in-vehicle electronic components, including control units, domain controllers, communication interfaces, and supporting software infrastructure. Historically, vehicles adopted a distributed architecture, where numerous ECUs were dedicated to managing isolated functions—such as braking, infotainment, and lighting—independently. However, as vehicles evolve toward becoming intelligent and software-defined platforms, this traditional model is proving increasingly inefficient. To meet the growing demand for higher computing power, data bandwidth, and feature integration, the industry is transitioning through three key architectural stages: From distributed to domain-centralized architecture, where control is consolidated by functional domains such as cockpit and ultimately to zonal architecture, where control is structured geographically by zones within the vehicle and governed by high-performance centralized computing platforms. This evolution allows for significantly reduced wiring complexity, improved communication efficiency, and lower system costs, while enabling seamless deployment of advanced features such as autonomous driving, smart cockpit systems, and over-the-air (OTA) updates.

As the E/E architecture becomes more centralized, software is emerging as the primary enabler of intelligence and value creation. In particular, the smart cockpit domain—which acts as the central interface for human–machine interaction—has become a key battlefield for software innovation. The ability to deliver integrated digital experiences through AI-powered UI/UX, voice interaction, personalized services, and scenario-based controls increasingly defines OEM differentiation. Furthermore, software plays a crucial role in addressing the "last mile" challenge for chipmakers: bridging raw computing capability with real-world application scenarios. Through close integration between software and domain control chips, especially in the cockpit and autonomous driving domains, developers can optimize performance, ensure compatibility, and deliver unified user experiences across multiple systems. The convergence of software across domains—cockpit, ADAS, telematics, and body control—enables cross-domain synergy and supports the broader vision of the vehicle as a "third living space": an intelligent, mobile extension of the user's home and office environment. As a result, software has moved from a supporting role to a strategic focal point—not only facilitating system functionality, but also driving monetization, user engagement, and lifecycle innovation. This ongoing transformation is reshaping the competitive dynamics and value chain of the global intelligent vehicle industry.

Major Catalysts for Global and China's Intelligent Vehicle Industry

Technology Breakthroughs

The development of the intelligent vehicle industry is being propelled by a series of rapid technological advancements. These include the integration of smart cockpit technologies such as voice interaction, augmented reality (AR) displays, and multimodal input systems, as well as the continued evolution of intelligent driving systems—advancing from basic ADAS to higher levels of autonomous driving functionality. Another major driver is the emergence of telematics communication, which enables real-time interaction between vehicles, infrastructure, and surrounding environments. This facilitates improved traffic coordination, enhanced safety, and more efficient route planning. Meanwhile, smart energy management systems are improving the efficiency, range, and lifecycle performance of new energy vehicles (NEVs), addressing key barriers to mass adoption. Furthermore, over-the-air (OTA) update capabilities allow for continuous feature and performance enhancements without physical intervention. These innovations are collectively reshaping mobility by making vehicles safer, more connected, and increasingly user-centric, while also extending the relevance and value of each vehicle over its lifecycle.

Intelligence as an OEMs' Core Competitive Differentiator

Intelligent capabilities have evolved from optional features to core competitive differentiators for OEMs, driving a paradigm shift in both consumer expectations and manufacturer strategies. On the demand side, consumers increasingly prioritize holistic intelligent experiences that extend beyond convenience to include real-time safety enhancements, personalized interfaces, and seamless human–machine interaction. Features such as intelligent navigation, autonomous parking, adaptive cabin environments, and continuous OTA upgrades are becoming key decision-making factors in vehicle purchases. Expectations are rising for safety redundancy, commuting efficiency, and tailored digital experiences, making intelligence a defining element of vehicle value. On the supply side, OEMs are integrating intelligent innovation into the core of their development roadmaps. Intelligence is now essential not only for product differentiation but also for building brand equity, enhancing customer engagement, and securing long-term user loyalty. As the industry transitions toward software-defined and service-oriented business models, intelligent features are enabling OEMs to unlock new revenue streams while reinforcing their positions in a highly competitive market landscape.

Policy Support

Governments worldwide increasingly view intelligent vehicles as a strategic industry and are offering comprehensive policy support across technology R&D, testing and validation, commercialization, and infrastructure development to accelerate growth. In 2025, China's Government Work Report emphasized the "AI+" initiative and prioritized the development of intelligent, connected new energy vehicles. In November 2023, the Ministry of Industry and Information Technology (MIIT) issued the "Circular on the Pilot Program for the Access and Road Testing of Intelligent Connected Vehicles," (《關於開展智能網聯汽車准入和上路通行試點工作的通知》) expanding policy support beyond autonomous driving to broader intelligent vehicle capabilities. By July 2024, China had designated 20 pilot cities for "Vehicle-Road-Cloud Integration," aiming to fast-track intelligent mobility deployment. Globally, governments are following suit. In December 2024, the U.S. National Highway Traffic Safety Administration (NHTSA) launched the "Automated Vehicles Safety, Transparency, and Evaluation Program" to promote the safe and scalable deployment of intelligent vehicles. The European Parliament and the Council implemented "Regulation (EU) 2022/1426", which established unified approval procedures and technical specifications for automated driving systems in fully automated vehicles, and represented a critical step toward harmonizing technical standards and facilitating the commercial deployment of Connected and Automated Mobility (CCAM) in Europe.

Key Trends in Global and China's Intelligent Vehicle Industry

Intelligent Vehicles Entering the Mainstream

Intelligent vehicle features are rapidly expanding from premium models to the mass market, driven by rising consumer demand for intelligent functionalities and OEMs' need to differentiate their offerings in an increasingly competitive landscape. Continuous innovation—including algorithm optimization, system architecture upgrades, and localization of core components such as chips and sensors—has substantially lowered the cost of intelligent systems. At the same time, enhanced mass-production capabilities and improved collaboration along the value chain have fostered a virtuous cycle across the industry. These dynamics are accelerating the adoption of intelligent features, laying a solid foundation for deeper market penetration and long-term industry growth.

Smart Cockpits: From Interfaces to Intelligence Control Hubs

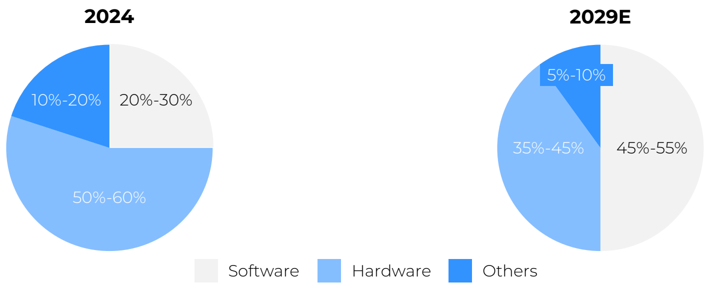
As the primary interface between users and vehicle intelligence, smart cockpits have evolved beyond traditional display functions to deliver fully immersive, scenario-based experiences. Enabled by multi-screen interaction, multimodal inputs, and real-time user recognition, these systems can automatically adjust key cabin elements—including seating, climate, and ambient settings—to enhance comfort and personalization. More importantly, smart cockpits are breaking functional silos and transforming into centralized control hubs, integrating with autonomous driving, body control, and other subsystems. This cross-domain integration improves resource allocation, operational efficiency, and overall system responsiveness, setting new benchmarks for intelligent in-vehicle experiences.

Software: Core Driver of the Intelligent Vehicle Evolution

Software has become the primary engine of transformation in the automotive industry, enabling vehicles to evolve into intelligent, connected platforms. Traditional development models have often struggled to balance innovation, system stability, and cost efficiency. In response, the industry is increasingly embracing the Software-Defined Vehicle (SDV) paradigm, characterized by centralized, cross domain computing platforms that replace fragmented electronic architectures. This transition allows for more flexible resource allocation, reduced development cycles, and cost-effective updates. OTA functionality further extends vehicle lifecycle by enabling continuous feature enhancements post-sale. Meanwhile, the rise of subscription-based services provides OEMs with new recurring revenue streams and fosters deeper user engagement.

From a cost perspective, hardware accounts for approximately 50%-60% of the total bill of materials (BOM) for intelligent vehicles as of 2024, followed by 20%-30% for software, and 10%-20% for other costs such as energy, labor, and manufacturing overhead. However, as vehicle architectures shift toward domain-centralized and software-defined models, the share of software is expected to increase significantly—reaching an estimated 45%–55% by 2029. This trend is driven by the consolidation of ECUs, which reduces hardware dependency and enables more functionality to be delivered via software, particularly in areas such as smart cockpits and autonomous driving. Cross-domain integration is further accelerating this transformation by improving development efficiency and delivering more advanced, seamless user experiences.

Breakdown of BOM for Intelligent Vehicles, 2024 and 2029E



Source: Interviews with Industry Experts, Frost & Sullivan

OVERVIEW OF GLOBAL AND CHINA'S INTEGRATED DOMAIN CONTROL SOLUTIONS INDUSTRY

Definition of Integrated Domain Control Solution

An integrated domain control solution refers to a comprehensive vehicle control architecture centered around the smart cockpit domain controller, designed to unify and coordinate multiple in-vehicle systems—such as ADAS, telematics, and body control—within a single, intelligent framework. By enabling deep cross-domain fusion, centralized computing, and intelligent orchestration of both hardware and software resources, this solution significantly enhances system intelligence, integration efficiency, and overall vehicle performance. Unlike traditional smart cockpit systems that operate in silos and primarily focus on infotainment or navigation, this integrated domain control solution adopts a scalable, platform-based architecture. It breaks down traditional domain boundaries by seamlessly combining smart cockpit functions with ADAS capabilities, telematics, and body control functions. This unified approach delivers a higher level of system synergy, improves real-time responsiveness, and supports more adaptive, personalized user experience. Ultimately, the solution represents a critical enabler in the industry's transition toward software-defined vehicles. By consolidating functionality across previously fragmented domains, it lays the foundation for next generation intelligent mobility platforms characterized by centralized control, continuous software upgrades, and enhanced user engagement.

Product Architecture of Integrated Domain Control Solutions

The integrated domain control solutions are built on a modular yet centralized architecture, defined as "Smart Cockpit Domain Control System + Multi-Domain Control Systems and Functions." Within this structure, the smart cockpit domain control system functions as the central coordination hub—managing data exchange, computing resources, and control logic across various functional domains. By enabling deep cross-domain integration, the architecture breaks down traditional system silos and unifies key subsystems such as infotainment, ADAS, body control, and telematics into a cohesive intelligent platform.

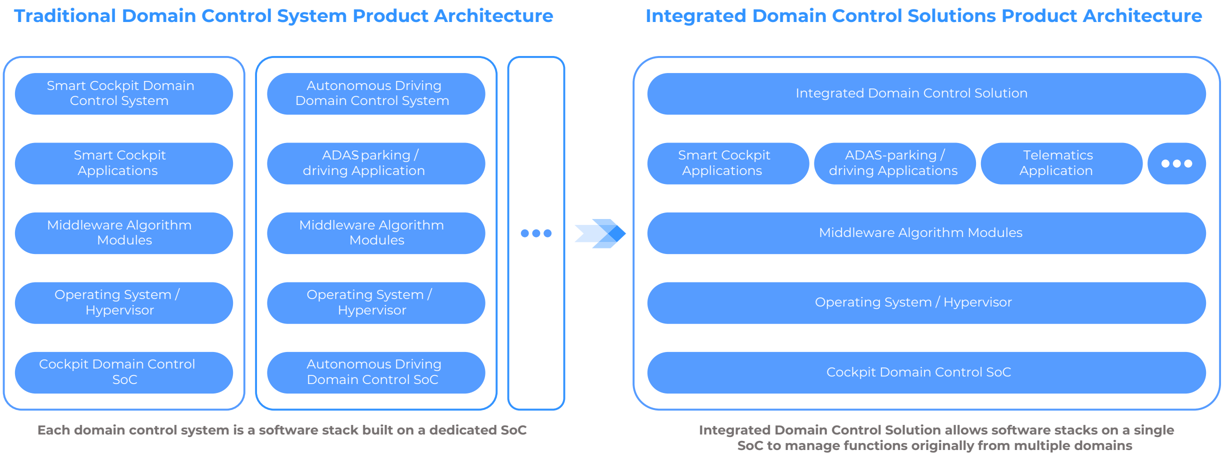
Key advantages of this architecture include:

- **Cross-domain convergence**: The architecture streamlines system development by reducing fragmentation and complexity, lowering integration costs, and enabling smarter, more connected features.

- **Future scalability and upgradeability**: The architecture is designed with forward compatibility in mind, allowing OEMs to quickly respond to emerging technologies and shifting user expectations through modular upgrades and software enhancements.

By consolidating multiple functions into a unified control framework, this solution supports the transformation of vehicles into intelligent, software-defined platforms capable of delivering enhanced performance, adaptability, and user-centric experiences.

Product Architecture of Integrated Domain Control Solutions



Source: Frost & Sullivan

Value Chain Analysis of Global and China's Integrated Domain Control Solutions Industry

The value chain of China's integrated domain control solutions industry comprises three major segments: upstream core component suppliers, midstream solution providers, and downstream OEMs. Each segment plays a distinct and interdependent role in enabling the development, deployment, and commercialization of intelligent vehicle domain control solutions.

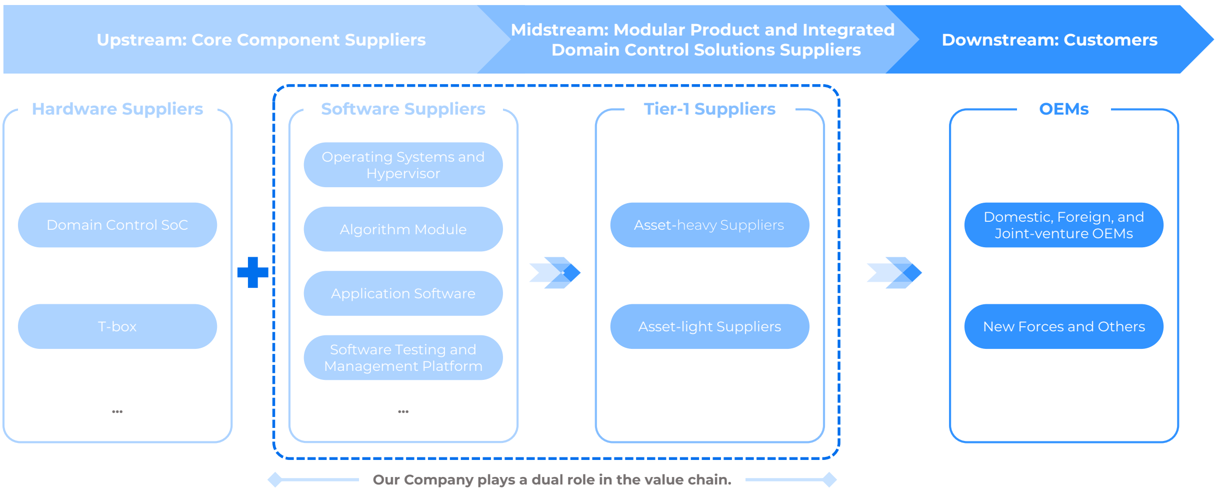
Upstream suppliers supply the critical technological foundation for integrated solutions. On the hardware side, this includes domain control System-on-Chips (SoCs), telematics, and other embedded computing modules. On the software side, key components include operating systems, hypervisors, middleware, algorithm modules, application software, and development and testing platforms. These core elements form the technical backbone for realizing intelligent domain integration, real-time decision-making, and software-defined functionalities.

The midstream is primarily composed of domain control solutions providers that offer end-to-end, modular products and software-hardware integrated solutions. These players act as technology enablers, bridging upstream innovations with downstream vehicle platforms. They provide scalable platforms that unify cockpit, ADAS, telematics, and body control systems into cohesive solutions, allowing OEMs to accelerate development while ensuring system-level performance, safety, and user experience. Leading midstream providers are increasingly expanding into upstream software development, enhancing their strategic position within the value chain. By building comprehensive software support ecosystems, these providers help upstream SoC manufacturers overcome the "last mile" challenge—from chip capability to in-vehicle applications. This vertical integration of hardware and software improves adaptation efficiency, shortens time-to-market, and enhances the commercial viability of chip platforms.

Downstream OEMs integrate domain control solutions into their vehicle platforms, delivering intelligent features that differentiate their offerings and elevate user experience. OEMs in China can broadly be categorized into five types: traditional domestic OEMs, foreign OEMs, joint-venture OEMs, emerging new forces, and others. These groups exhibit varying technology capabilities and development models, influencing their supplier preferences and integration approaches.

Historically, the market has been dominated by asset-heavy solution providers—companies that operate their own manufacturing facilities. They have been particularly favored by emerging OEMs, which often adopt a hybrid development strategy: developing core smart cockpit software in-house while outsourcing hardware manufacturing and integration tasks. However, as the industry transitions toward software-defined vehicle (SDV) architectures, the competitive landscape is undergoing a fundamental shift. Asset-light solution providers—characterized by their focus on software innovation and the outsource of production to third party manufacturers—are gaining traction. Without the burden of manufacturing infrastructure, these players enjoy the benefits of greater agility, scalability, and adaptability. Their key strengths lie in mature software stacks, fast deployment cycles, and flexible platform designs. As OEMs seek to streamline system complexity, reduce development risk, and accelerate product differentiation, asset-light solution suppliers are increasingly emerging as their preferred partners. This shift reflects a broader structural reconfiguration of the midstream value chain, emphasizing software-centric innovation and collaborative ecosystem models.

Value Chain of Global and China's Integrated Domain Control Solutions



Source: Frost & Sullivan

Market Size of Global and China's Integrated Domain Control Solutions Industry

The global market for integrated domain control solutions is expanding rapidly, driven by the widespread shift toward centralized E/E architectures and growing demand for integrated computing capabilities in intelligent vehicles. By revenue, the global integrated domain control solutions market grew from RMB2.3 billion in 2020 to RMB 37.9 billion in 2024, and is projected to reach RMB274.2 billion by 2029, representing a CAGR of 43.8% from 2025 onward.

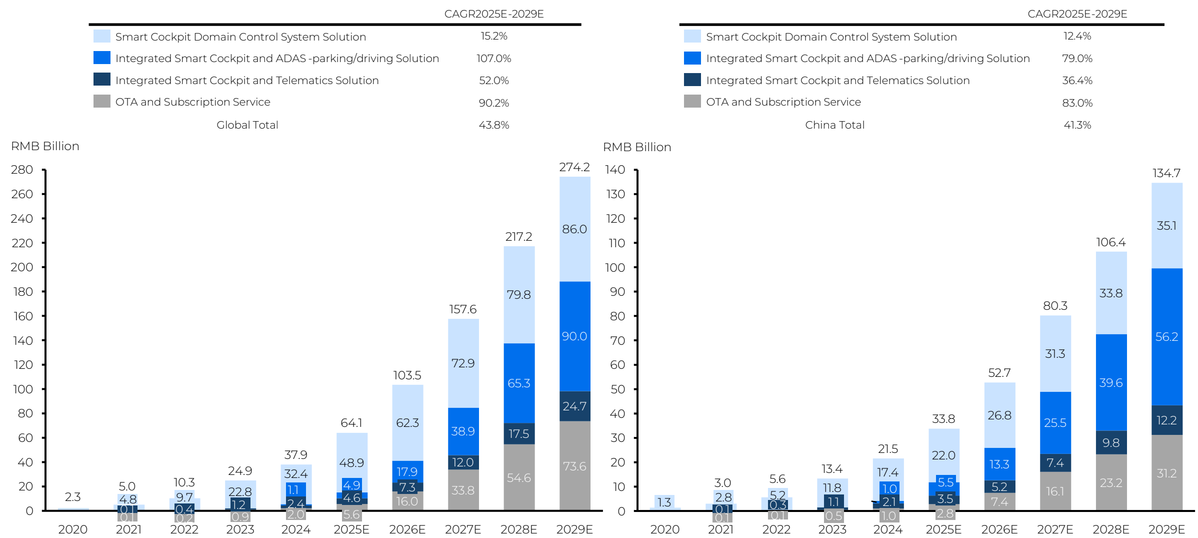
In China, the market is experiencing similarly robust growth, fueled by continuous technology innovation, increasing adoption by OEMs, and a broadening product matrix. By revenue, the China's integrated domain control solutions market grew from RMB1.3 billion in 2020 to RMB21.5 billion in 2024, and is projected to reach RMB134.7 billion by 2029, representing a CAGR of 41.3% from 2025 onward. As intelligent vehicles evolve toward centralized computing and software-defined architectures, cross-domain fusion—particularly between smart cockpit and ADAS functions, and between smart cockpit and telematics systems—has become the mainstream development direction. These architectures enable real-time coordination between user interaction, environment perception, and vehicle control systems, significantly improving overall system efficiency, safety, and user experience.

By combining smart cockpit interfaces with autonomous parking and driving capabilities, intelligent vehicles are delivering a more interactive, convenient, and safety-oriented driving experience. This integration also marks a key step toward full-stack domain fusion and central computing architecture, laying the technical foundation for future autonomous driving vehicles. In 2024, vehicles equipped with integrated smart cockpit and ADAS-parking/driving solution began mass production. The global market size for integrated smart cockpit and ADAS-parking/driving solution by revenue reached RMB1.1 billion in 2024, of which China market contributed RMB1.0 billion. The global market size of integrated smart cockpit and ADAS-parking/driving solution is expected to grow to RMB90.0 billion by 2029, representing a CAGR of 107.0% starting from 2025 onward. As for China, the size of the market is expected to expand to RMB56.2 billion by 2029, representing a CAGR of 79.0% from 2025 onward.

Driven by rising consumer expectations for intelligent, connected, and personalized in-car experiences, smart cockpits are evolving into centralized hubs that integrate voice assistants, gesture controls, AR displays, and AI-based personalization, while telematics systems enable realtime connectivity, remote diagnostics, and data-driven services. Together, they form the backbone of software-defined vehicles, enabling automakers to differentiate through user experience, monetize data, and explore new revenue models such as ecosystem partnerships and subscription services. The global market for integrated smart cockpit and telematics solution reached RMB2.4 billion in 2024 and is projected to grow to RMB24.7 billion by 2029, representing a CAGR of 52.0% from 2025 onward. In China, the market for integrated smart cockpit and telematics solution by revenue reached RMB2.1 billion in 2024 and is projected to grow to RMB12.2 billion by 2029, representing a CAGR of 36.4% from 2025 onward.

With the continued advancement of smart cockpit and ADAS technologies, OTA updates and subscription service are expected to experience rapid development in the coming years. OTA capabilities will enable vehicles to continuously improve and optimize their functions post-sale, while subscription service will provide drivers with personalized features and services. Together, these technologies are diversifying revenue streams in the automotive sector and are expected to play an increasingly critical role in the future market landscape. It is expected that the global market size of OTA and subscription service by revenue will reach RMB73.6 billion in 2029 at a CAGR of 90.2% from 2025 onward. As for China market, the size of OTA and subscription service by revenue is expected to reach RMB31.2 billion in 2029 at a CAGR of 83.0% from 2025 onward.

Global and China's Market Size of Integrated Domain Control Solutions Industry by Segment by Revenue, 2020-2029E

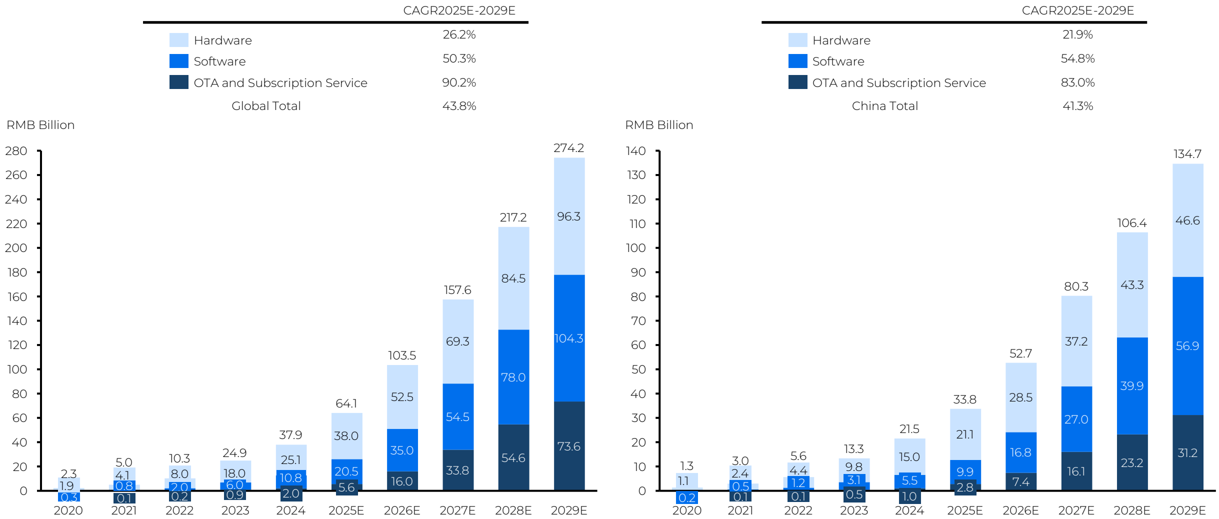


Source: Interviews with Industry Experts, Frost & Sullivan

As the industry transitions toward centralized computing architectures and software-defined vehicle (SDV) frameworks, the value composition of integrated domain control solutions is undergoing a fundamental shift from hardware dominance to software-driven innovation. While hardware still constitutes a major portion of system cost today, software has emerged as the core enabler of cross-domain integration, real-time coordination, and intelligent user experiences. It plays a pivotal role in unlocking advanced functionalities such as sensor fusion, dynamic resource allocation, and continuous feature updates.

Globally, revenue from software reached RMB10.8 billion in 2024 and is projected to grow to RMB104.3 billion by 2029, with a CAGR of 50.3% from 2025. In China, software revenue reached RMB5.5 billion in 2024 and is expected to surge to RMB56.9 billion by 2029, growing at a CAGR of 54.8%. By 2029, software alone is projected to account for approximately 40% of the value in integrated domain control solutions, highlighting its central role in the next generation of intelligent mobility solutions. Adding software and OTA updates and subscription service, the non-hardware composition is expected to account for over 60% of integrated domain control solutions in both the global and China's markets.

Global and China's Market Size of Integrated Domain Control Solutions Industry by Products by Revenue, 2020-2029E

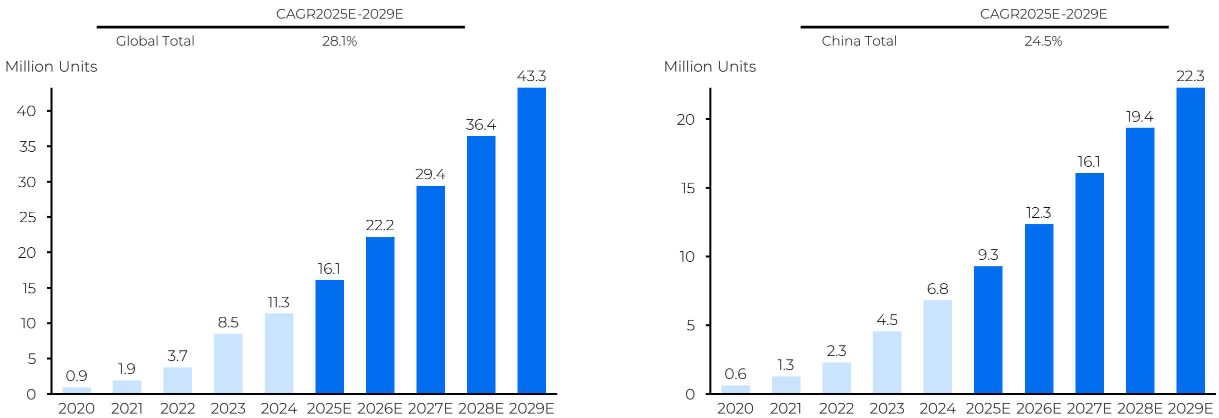


Source: Interviews with Industry Experts, Frost & Sullivan

Global passenger vehicle installations of integrated domain control solutions are accelerating, supported by growing consumer demand for smart cabin experiences and enhanced driving intelligence. The number of newly installed units worldwide rose from 0.9 million in 2020 to 11.3 million in 2024, and is projected to reach 43.3 million by 2029.

In China, newly installed volumes grew from 0.6 million units in 2020 to 6.8 million in 2024, and are forecast to reach 22.3 million by 2029. While early adoption was concentrated in premium vehicle segments, the technology is rapidly migrating toward the mass market. In 2024, penetration rates among passenger vehicles priced below RMB100,000 and RMB100,000–200,000 stood at 1% and 19%, respectively. These rates are expected to rise to 15% and 60% by 2029, reflecting the democratization of intelligent technologies. This trend is largely driven by the strong R&D capabilities of domestic suppliers, rapid product iteration cycles, and ongoing cost reductions—all of which are enabling the integration of domain control systems into vehicles at lower price points. As a result, integrated solutions are expected to become standard features in a broader range of vehicle classes, accelerating market penetration and contributing to long-term industry growth.

Global and China's Market Size of Integrated Domain Control Solutions Industry by Newly Installed Volume, 2024-2029E



Source: Interviews with Industry Experts, Frost & Sullivan

China's Newly Installed Volume and Penetration Rate of Integrated Domain Control Solutions by Price Range, 2024 and 2029E

Vehicle Selling Price	Below RMB100,000		RMB100,000-200,000		Above RMB200,000	
	2024	2029E	2024	2029E	2024	2029E
Newly Installed Volume (Million Units)	0.1	1.1	2.4	11.1	4.3	10.1
Penetration Rate (%)	1%	15%	19%	60%	55%	88%

Note: The price range of the specific passenger vehicle models calculated in each price range is calculated based on its starting selling price. Installed volume refers to the total sales volume of passenger vehicle equipped with integrated domain control solution during the year.
Source: Interviews with Industry Experts, Frost & Sullivan

Market Drivers and Trends Analysis of Global and China's Integrated Domain Control Solutions Industry

Rising Software Value: Enabling Cost Efficiency and Continuous Monetization

The automotive industry is undergoing a fundamental transition toward software-defined vehicles, driven by growing consumer demand for intelligent, connected experiences and OEMs' need to improve cost efficiency and product differentiation. Integrated domain control solutions are central to this transformation. By consolidating functions such as smart cockpit, ADAS, and body control onto a single computing platform, these solutions eliminate redundant hardware and simplify vehicle architecture—reducing the BOM cost by an estimated 20%–40%. This shift also unlocks new monetization opportunities. Through OTA updates and subscription-based services, vehicles are evolving into dynamic, upgradable platforms that generate recurring revenue throughout the lifecycle. In 2024 alone, China recorded 4,047 OTA events across 486 million vehicles, underscoring the scale and scalability of software-driven innovation. By breaking down traditional system silos, OEMs can now deliver personalized, feature-rich services more efficiently, while enhancing development agility and lifecycle management.

AI-Driven Acceleration: Powering Intelligent Integration and Operational Efficiency

AI is increasingly becoming the core enabler of next-generation vehicle intelligence. From autonomous driving and natural voice interaction to user behavior prediction and personalized services, AI is reshaping both hardware and software innovation. These advances are increasing demand for high-performance computing chips, sensor fusion algorithms, and real-time decision-making capabilities—accelerating the adoption and evolution of integrated domain control solutions. Beyond in-vehicle functionality, AI is also driving transformation across the entire automotive value chain. It is improving operational efficiency in R&D, manufacturing, supply chain coordination, marketing, and aftersales. As a result, OEMs and suppliers are collaborating more closely to develop modular, standardized, and scalable platform-based solutions. These platforms reduce development costs, improve software reusability, and support faster iteration—laying a solid foundation for a flexible, economically sustainable intelligent vehicle ecosystem.

Global Market Demand Expansion: Unlocking New Growth Frontiers

The global market for integrated domain control solutions is expanding rapidly, fueled by the dual trends of Chinese OEMs accelerating overseas expansion and international OEMs advancing their intelligent transformation strategies. This rising demand is creating significant new opportunities for Chinese solution providers, who are leveraging their strengths in cost competitiveness, technological maturity, and localized adaptability. By integrating more deeply into OEM development cycles and strengthening system-level delivery capabilities, Chinese suppliers are steadily overcoming traditional market entry barriers and building long-term global partnerships. This internationalization not only enhances their competitiveness in the global supply chain but also positions them as key contributors to the next phase of the global intelligent mobility landscape.

Entry Barrier Analysis of Global and China's Integrated Domain Control Solutions Industry

Technology Barrier

A provider's ability to deliver deeply integrated, customized software-hardware solutions is a key competitive differentiator. Success in this industry requires advanced capabilities in embedded software development, operating system adaptation, real-time computing, and platform-level system integration—all of which must align with the highly diverse and proprietary architectures of various OEMs. AI is further reinforcing these barriers. Leading providers leverage AI to enable intelligent code generation, automated validation, and adaptive system tuning, significantly accelerating development cycles while improving performance precision. Coupled with large-scale delivery experience across multiple vehicle platforms, these AI-enhanced capabilities form a strong technological moat that new entrants are unlikely to overcome in the near term.

Customer Barrier

The automotive industry is characterized by long development timelines, rigorous safety certifications, and high reliability expectations. As a result, OEMs tend to form long-term, strategic partnerships with trusted suppliers. Once an integrated domain control solution is selected and validated, it is typically deployed across an entire vehicle life cycle and carried over to future model generations. This deep integration creates a strong lock-in effect, resulting in high customer stickiness and switching costs. Suppliers that are embedded in OEM development processes benefit from sustained business, while new entrants face significant challenges in displacing incumbents already integrated into complex automotive validation pipelines.

Product Barrier

Integrated domain control solutions must offer high compatibility, scalability, and lifecycle resilience across diverse vehicle platforms. This requires robust capabilities in architecture design, system modularization, and cross-domain functionality support. Leading providers have accumulated extensive validation data, developed proprietary system architectures, and built customized toolkits over years of deployment across various OEMs. These assets are deeply embedded in the product lifecycle, creating a product barrier that is difficult for new competitors to replicate or substitute. In addition, the ability to support frequent OTA upgrades and system reconfigurations further reinforces long-term differentiation.

Cost Control Barrier

As integrated domain control solutions scale into mid- and entry-level vehicle segments, cost optimization becomes a critical success factor. Providers must deliver a balance of high performance, flexibility, and cost-efficiency, particularly in an environment of increasing competition and price sensitivity. Leading players optimize costs through software reuse, hardware modularization, and multi-model deployment strategies. AI-driven development tools—such as automated testing platforms and predictive configuration engines—enhance efficiency and reduce R&D timelines. With extensive project experience and mature engineering workflows, incumbent providers are better equipped to scale AI-based automation, lowering adaptation and integration costs across OEM programs. In contrast, emerging players often lack the infrastructure and engineering scale to achieve similar cost-performance ratios.

COMPETITIVE LANDSCAPE OF [REDACTED] CHINA'S INTEGRATED DOMAIN CONTROL SOLUTIONS INDUSTRY

The integrated domain control solutions industry in China is relatively fragmented. In 2024, the total newly installed volume of integrated domain control solutions in passenger vehicles in China reached 6.8 million units. The top five integrated domain control solutions providers in China collectively accounted for 49.0% of the market share. The total sales volume of vehicles equipped with Our Company's integrated domain control solutions in China reached 634.3 thousand units, capturing approximately 9.3% of the market share and ranking second nationwide. Notably, Our Company is the youngest among the top five providers, having achieved rapid growth and market recognition within a relatively short period of time—demonstrating strong innovation capability and competitiveness in this fast-evolving industry.

Ranking of Top 5 Chinese Integrated Domain Control Solutions Providers by Newly Installed Volume in Passenger Vehicles (China), 2024

Ranking	Company	Year of Establishment	Installed Volume (Thousand Units)	Market Share (%)
1	Company A	1986	1,084.0	15.9%
2	**Our Company**	**2018**	**634.3**	**9.3%**
3	Company B	2017	561.9	8.3%
4	Company C	2014	552.0	8.1%
5	Company D	2009	500.0	7.4%
		Total	3,332.2	49.0%

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

Among the top five integrated domain control solutions providers in China, we distinguish ourselves as the only player with the unique capability to independently develop full-stack domain control solutions related software, design hardware, and seamlessly integrate both to deliver end-to-end software-hardware solutions. This comprehensive approach enables us to offer highly customized, integrated products that meet the evolving demands of the automotive industry, setting it apart from its competitors.

Software Development Capability Comparison of Top 5 Chinese Integrated Domain Control Solutions Providers

Software Category	Our Company	Company A	Company B	Company C	Company D
Operating system and BSP (Board Support Package)	●	●	◕	◕	◕
AI Modules and Programmes	●	◑	◔	◔	◔
System Architecture Modules	●	◕	◑	◔	◔
Customized Applications	●	●	◕	◑	◑
Integrated Domain Control Functions	●	◕	◑	○	○
Automated Testing	●	◑	○	○	○

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

Note: "●" indicates the capability for fully independent development. "○" indicates a lack of independent development capability.

Company A, headquartered in Huizhou, Guangdong Province, is a publicly listed company on the Shenzhen Stock Exchange. It specializes in autonomous driving technologies, in-vehicle infotainment systems, and electronics for new energy vehicles. Its products are primarily used in smart cockpit systems, ADAS, and in-vehicle display and interaction systems. The company provides customized electronic solution to leading automotive OEMs.

Company B, headquartered in Wuhan, Hubei Province, and listed on the Nasdaq, is a mobility technology company with capabilities in delivering smart cockpit systems, in-vehicle infotainment systems, IoV cloud platforms, intelligent driving solution, and others.

Company C, headquartered in Wuxi, Jiangsu Province, is a technology service provider focused on the development and operation of Internet of Vehicles (IoV) ecosystem platforms. Its core products include smart cockpit domain controllers, primarily serving automotive OEMs, intelligent transportation systems, and the automotive aftermarket.

Company D, headquartered in Shanghai, is an innovative enterprise focused on the research, development, and application of intelligent connected vehicle technologies. Its products and services include in-vehicle infotainment systems, IoV cloud platforms, and intelligent driving solution, with core applications in automotive manufacturing, smart mobility, and connected vehicle services.

This section sets out a summary of certain aspects of the laws and regulations which are relevant to the business and operations of our Group. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this Document, which may be subject to change.

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC and that affect the dividends payment to our shareholders.

Regulations on Foreign Investment

In March 2019, the PRC Foreign of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, was promulgated by the NPC, and came into effect on January 1, 2020, which replaced the PRC Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the PRC Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the PRC Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), and became the legal foundation for foreign investment in the PRC. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further provides that a foreign-invested enterprise established prior to the effective date of the Foreign Investment Law shall adjust its legal form or governance structure to comply with the provisions of the Companies Law (《中華人民共和國公司法》) or the PRC Partnership Enterprises Law (《中華人民共和國合夥企業法》), as applicable, and complete amendment registration before January 1, 2025.

According to the Foreign Investment Law, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign-invested enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require repetitive submission of any investment information that can be obtained by interdepartmental information sharing.

Regulations and Standards on Intelligent Vehicles Industry

In order to strengthen the administration of access of intelligent connected vehicle products, safeguard the life and property security of citizens and public security and promote the sound and sustainable development of the intelligent connected vehicle industry, 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》) on July 30, 2021, which requires automobile manufacturers to strengthen the safety management of driving assistance function products and autonomous driving function products.

On February 25, 2025, the MIIT and the SAMR jointly issued the Notice on Further Strengthening the Administration of Automobile Product Admission, Recall, and Over-The-Air Software Upgrade for Intelligent and Connected Vehicles（《工業和信息化部市場監管總局關於進一步加強智能網聯汽車產品准入、召回及軟件在線升級管理的通知》）, or the Notice. The purpose of the Notice is to enhance the administration of product admission and recall ICV products equipped with Combined Driver Assistance Systems and OTA upgrade functions. The Notice requires automobile manufactures to thoroughly test and verify smart connected vehicle products and OTA upgrade activities, clearly define system boundaries and safety response measures, to ensure that control strategies are reasonable, strictly fulfill their duty to inform, and to ensure effective safety management during development, production, and operation, and continuously improve product functionality, performance, and quality and safety levels.

The SAMR and the Standardization Administration of the People's Republic of China jointly issued the national recommended standard Road Vehicles—Functional Safety (GB/T 34590-2022) （《道路車輛功能安全》), superseding the previous Road Vehicles—Functional Safety (GB/T 34590.1-2017). Road Vehicles—Functional Safety Audit and Assessment Method (GB/T 43253-2023) （《道路車輛功能安全審核及評估方法》）was issued on November 27, 2023, which regulates the audit and assessment activities for safety-related electrical/electronic (E/E) systems in road vehicles during their safety life cycle.

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》), which 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.

The On-Board Wireless Communication Terminal （GB/T 43187-2023）（《車載無線通信終端》）issued and was effective both on September 7, 2023, by MIIT, specifies the technical requirements for in-vehicle wireless communication terminals and describes the test methods and inspection rules for the terminals.

The Road Vehicles–Performance Requirements and Test Methods Hands-Free Communication and Voice Interaction (GB/T 45314-2025) (《道路車輛免提通話和語音交互性能要求及試驗方法》) is a national recommended standard currently being formulated by the National Technical Committee on Automobile Standardization. It is applied to the field of human-computer interaction. It regulates M1 and N1 category vehicles equipped with in-vehicle hands-free communication terminals, in-vehicle emergency call terminals, and in-vehicle voice interaction terminals.

The Technical Requirements and Test Methods for Intelligent and Connected Vehicle Control Operating Systems (《智能網聯汽車車控操作系統技術要求及試驗方法》) was officially issued in December 2023. 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 on the upper level and adapt to underlying heterogeneous hardware, chips, and other components on the lower level.

The Test and Evaluation Procedures for Interactive Experience of Automobile Intelligent Cockpit (Draft for Comments) (《汽車智能座艙交互體驗測試評價規程(徵求意見稿)》), was published on May 15, 2023, stipulates the terminology and definitions, evaluation index system, classification levels, and test evaluation methods for the testing and evaluation procedures of intelligent cockpit interaction experience in automobiles. It also includes the evaluation on usefulness, safety, efficiency, cognition, intelligence, value, and esthetics. As of the Latest Practicable Date, the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) has not been formally adopted.

We offer OEMs integrated *Smart Cockpit + X* solutions. Thus, we must ensure that the services we provide meet the regulatory requirements pertaining to data security, network security, software updates, functional safety, and safety of the intended functionality in the context of intelligent vehicles. We must also stay informed about the evolving regulatory landscape and ensure that our solutions remain compliant with the latest requirements.

Regulations on Network Access of Telecommunications Equipment

Pursuant to Telecommunications Regulations of the People's Republic of China (Amended in 2016)（《中華人民共和國電信條例(2016修訂)》） issued by the State Council, promulgated and took effective both on the February 6, 2016, the State shall implement a network connection licensing system for telecommunications terminal equipment, radio telecommunications equipment, and interconnection-related equipment.

Moreover, according to the Administrative Measures for the Network Access of Telecommunications Equipment (Amended in 2024)（《電信設備進網管理辦法(2024修正)》）, issued by the MIIT, promulgated and took effective both on January 18, 2024, a network access permit issued by the MIIT shall be obtained for telecommunications equipment to be connected to a public telecommunications network for use or sold domestically. Any violation of such permit system shall be subject to an order to make rectification and a fine of not less than RMB10,000 and not more than RMB100,000. We have obtained network access permits for relevant equipment as required.

Regulations on Consumer Protection and Product Quality

The PRC Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》) was promulgated by NPC in 1993, last amended in 2013 and effective in March 2014, to protect the legitimate rights and interests of consumers, to maintain social and economic order, and to promote the healthy development of the socialist market economy. 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.

The PRC Civil Code (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, which superseded the PRC Tort Law (《中華人民共和國侵權責任法》) and the PRC General Principles of Civil Law (《中華人民共和國民法總則》). The PRC Civil Code provides that, 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.

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.

Regulations Relating to Import and Export Goods

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC on May 12, 1994 and implemented on July 1, 1994, and subsequently revised on April 6, 2004, November 7, 2016 and December 30, 2022, the State adopts a unified foreign trade system, encourages the development of foreign trade, and maintains a fair and free foreign trade order. The amendment to the Foreign Trade Law of the People's Republic of China on December 30, 2022 deleted the provisions regarding the record-filing and registration of foreign trade operators. Starting from December 30, 2022, all local commerce departments will cease processing the record-filing and registration of foreign trade operators. Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC 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, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws. Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws. 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).

The Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) came into force on December 1, 2020, for the controlled items set out in the export control list and the goods, technologies and services other than those subject to temporary control, where exporters know or should have known, or are notified by the State's export control authorities that the relevant goods, technologies and services may have any of the risks as regulated, they shall apply for a license to the State's export control authorities.

Regulations on Cybersecurity and Data Protection

In recent years, PRC government authorities have enacted laws and regulations on cybersecurity and data protection.

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the State shall safeguard the sovereignty, security and development interests of the state cybersecurity, and that the State shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On August 29, 2015, the SCNPC issued the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures after the regulatory authorities order them to correct the non-performance, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any serious consequence due to the leakage of users' information; (iii) any serious loss of evidence of criminal activities or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations. Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on April 23, 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on May 8, 2017 and became effective on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) ("**Cybersecurity Law**"), which became effective on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are broadly defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who construct or operate networks or provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. In addition, CIIOs shall, during their operations in the PRC, store within the PRC the personal information and important data collected and generated within the territory of the PRC, and where cross-border transfer of such data is necessary for business, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace authority in conjunction with the relevant departments under the State Council.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) adopted by the NPC on May 28, 2020, and effective on January 1, 2021, personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) ("**Data Security Law**"), which became effective on September 1, 2021. According to the Data Security Law, "data" is defined as any record of information in electronic or other forms, and the processing activities of data includes the collection, storage, use, processing, transmission, provision and disclosure of data. The Data Security Law is broadly applicable to such processing activities of data which are carried out in the PRC or, where carried out outside the PRC, damage the national security, public interests or the legitimate rights and interests of citizens and organizations of the PRC. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China, and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and improve the legislation on data security, cross-border data transmission, and confidential information management.

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

On July 30, 2021, the State Council promulgated the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) ("**CII Protection Regulations**"), which became effective on September 1, 2021. Pursuant to the CII Protection Regulations, critical information infrastructure refers to important network infrastructure and information systems of important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government affairs and national defense science, and other important ones whose damage, function loss or data leakage may endanger national security, people's livelihood and public interests. According to the CII Protection Regulations, the competent administrative departments and supervisory departments, which govern each respective important industry or field, shall be responsible for formulating the identification rules on and organizing the identification of the critical information infrastructure in such industry or field, and such departments should promptly notify the CIIOs of the identification results.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) ("**Personal Information Protection Law**"), which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and personal information, as defined in the Personal Information Protection Law, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding anonymized information.

The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary to fulfill statutory duties and statutory obligations. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as that personal information shall be processed under the principles of lawfulness, legitimacy, necessity, and good faith and shall be processed for a clear and reasonable purpose.

The Several Provisions on Automobile Data Security Management (for Trial Implementation) （《汽車數據安全管理若干規定（試行）》） was promulgated on August 16, 2021 by the CAC, the NDRC, the MIIT, the MPS, and the MOT and became effective on October 1, 2021, to regulate the processing activities of automobile data. Pursuant to the foregoing provisions, "automobile data" includes personal information data and important data involved in the process of, among others, automobile design, production, sales, use, operation and maintenance, and the foregoing provisions set out detailed rules on the responsibilities and obligations of those who carry out processing activities of such automobile data.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Revised Measures for Cybersecurity Review, which became effective on February 15, 2022. The Revised Measures for Cybersecurity Review provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) ("**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures applies to the security assessment conducted by data processors where they provide overseas parties with important data or personal information collected and generated during operations within the territory of the PRC. Based on the Security Assessment Measures, data processors shall apply for the security assessment of cross-border data transfer to the CAC through the provincial cyberspace administration in the place where they operate if their cross-border data transfer activities fulfill certain thresholds.

On December 13, 2022, the MIIT issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) ("**MIIT Data Security Measures**"), which came into effect on January 1, 2023. The MIIT Data Security Measures is applicable to the processing activities carried out in the territory of the PRC of data in the field of industry and information technology, which include, among other things, the data collected and generated in the course of research, development and design, production and manufacturing, operation and management, operating and maintenance and platform operation in the field of industry. The MIIT Data Security Measures provides that industrial and telecommunication data processors shall implement data classification and grading, and further imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include, among others, taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide several exemptions to processors of data which exempt them from undergoing data security assessment, obtaining personal information protection certification, or entering into standard contracts for outbound transfer of personal information for businesses. These exemptions include, among others, scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information, or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

On September 24, 2024, the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》) ("**Regulation on Cyber Data Security**") was issued, which came into effect on January 1, 2025. The Regulation on Cyber Data Security provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. In addition, the Regulations on Cyber Data Security also regulate other specific requirements in respect of the cyber data processing activities conducted by data processors in the view of, among others, personal information protection, important data safety, and cyber data cross- broader safety management and obligations of network platform service provider.

Regulations on Intellectual Property Rights

Copyright

According to the PRC Copyright Law (《中華人民共和國著作權法》), promulgated by the SCNPC in 1990 and last amended on November 11, 2020 to be effective on June 1, 2021, and its related Implementing Regulations issued by the State Council in 2002, last amended and became effective in March 2013, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

The PRC National Copyright Administration and Ministry of Information Industry jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet (《互聯網著作權行政保護辦法》) in 2005. These measures are formulated to strengthen the administrative protection of the right of communication through information network in internet information services. Where a copyright owner finds any content communicated through internet infringes upon his/its copyright, and sends a notice to the internet information service provider or any other institution entrusted, the internet information service provider shall immediately take measures to remove the relevant contents, and preserve the copyright owner's notice for 6 months. When imposing administrative penalties upon the act which infringes upon any user's right of communication through information networks, the Measures for Imposing Copyright Administrative Penalties (《著作權行政處罰實施辦法》), promulgated in 2009, shall be applied.

In 2006, the State Council promulgated the Regulations on Protection of Information Network Transmission Right (《信息網絡傳播權保護條例》), as amended and effective in March 2013. Pursuant to the regulations, where a rights holder is of the opinion that the works, performances, audio and video products involved in the services of a network service provider which provide information storage space or searching or linking services infringe upon its information network transmission right or are being deleted or its digital rights management information have been altered, the rights holder may notify the network service provider in writing and request the network service provider to delete such works, performances, audio and video products or to remove the links to such works, performances, audio and video products.

Trademark

According to the PRC Trademark Law (《中華人民共和國商標法》) adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), adopted by the State Council in 2002 and subsequently amended in 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record. Conducts that constitute an infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and selling goods that violate the exclusive right to use a registered trademark. Pursuant to the PRC Trademark Law, in the event of any of the foregoing acts, the infringing party will be ordered to stop the infringement immediately and may be fined; the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Patent

In accordance with the PRC Patent Law (《中華人民共和國專利法》), which was promulgated in 1984 and last amended on October 17, 2020, by the NPC to become effective on June 1, 2021, and its Implementation Rules promulgated in 1985 and last amended in 2023 by the State Council, patent is divided in to three categories: invention patent, design patent and utility model patent. The duration of invention patent right is 20 years, and the duration of design patent right is 15 years, and the duration of utility model patent right is ten years, which are all calculated from the date of filing. An individual or entity who uses patent without the license of the patent holder, counterfeits patent products or engages in patent infringement activities shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain names

In 2017, the MIIT promulgated the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which became effective in November 2017 and replaced the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》) issued by the MIIT in 2004. The measures adopt a "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize PRC's domain name system. In 2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《關於規範互聯網信息服務使用域名的通知》) issued by the MIIT became effective, which stipulated that an internet access service provider shall, pursuant to requirements stated in the PRC Anti-Terrorism Law (《中華人民共和國反恐怖主義法》) and the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Regulations on Dividend Distribution

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the PRC Company Law (《中華人民共和國公司法》), promulgated in 1993 and most recently amended in 2023, and the Foreign Investment Law (《中華人民共和國外商投資法》) and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years, if any, have been offset. In addition, a PRC company is required to allocate at least 10% of its respective accumulated after-tax profits each year to fund certain statutory reserve funds until the aggregate amount of such reserve funds reach 50% of its registered capital. A PRC company may also allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

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》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In 2012, SAFE issued the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《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》). Pursuant to the notice, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency.

In March 2015, SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which took effect in June 2015, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本專案結匯管理政策的通知》), or SAFE Circular 16, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In accordance with the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was issued and came into effect on October 23, 2019 by the SAFE, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the Negative List are not violated and the relevant domestic investment projects are true and compliant. In April 2020, the SAFE promulgated the Circular on Optimizing Administration of Foreign Exchange 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》), which was further supplemented by the Notice of Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), pursuant to which eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing, without providing the evidentiary materials concerning authenticity of each expenditure, provided that their capital use is authentic and in compliance with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts.

Regulations on Tax

Enterprise income tax

In 2007, the SCNPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was most recently amended in December 2018. In 2007, the State Council enacted the Implementation Regulations for the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) of the PRC which was lastly amended in December 2024, or collectively, the PRC Enterprise Income Tax Law. Under the PRC Enterprise Income Tax Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC.

Under the PRC Enterprise Income Tax Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Pursuant to the PRC Enterprise Income Tax Law, the enterprise tax rate of a high and new technology enterprise, or HNTE, is 15%. According to the Administrative Measures for the Recognition of HNTEs (《高新技術企業認定管理辦法》), effective in January 2008 and amended in January 2016, for each entity accredited as HNTE, its status is valid for three years if it meets the qualifications for HNTE on a continuing basis during such period.

Value-added tax

In 1993 the State Council issued the PRC Provisional Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was most recently amended in November 2017, and in 1993, the Ministry of Finance issued the Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was most recently amended in October 2011. According to those, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to value-added tax, or VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period.

In 2016, the Ministry of Finance and the State Taxation Administration jointly issued the Notice on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was partly amended by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, according to which the countrywide pilot practice of levying VAT in lieu of business tax, or the Pilot Practice, has been carried out since 2016.

According to the specific regulatory documents for the Pilot Practice, including the Implementation Measures for the Pilot Practice of Levying VAT in lieu of Business Tax (《營業稅改徵增值稅試點實施辦法》), the VAT rates vary from 17%, 11%, 6%, 3% to 0% for taxpayers incurring taxable activities. According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting the Value-added Tax Rate effective in May 2018, the VAT tax rates on sales, imported goods that were previously subject to 17% and 11% are now adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, and came into effect on April 1, 2019, the VAT tax rates on sales, imported goods that were previously subject to 16% and 10% are now adjusted to 13% and 9%, respectively.

Dividend withholding tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

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 Incomes (《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》) and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (《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》) issued in 2009, if the relevant PRC tax authorities determine that a company unjustifiably benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties(《關於稅收協定中"受益所有人"有關問題的公告》), which was issued in 2018 and effective in April 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This notice further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》).

Tax on indirect transfer

In 2015, the State Taxation Administration issued the Announcement of the State Administration of Taxation on Several Issues Relating to Enterprise Income Tax on Transfer of Assets between Non-resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or State Taxation Administration Circular 7. According to State Taxation Administration Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. Therefore, gains derived from such indirect transfer may be subject to PRC enterprise income tax.

When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to State Taxation Administration Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. The State Taxation Administration Circular 7 does not apply to non-resident enterprises obtaining income from the indirect transfer of PRC taxable assets in China by purchasing and selling equity of the same listed overseas enterprise in the open market.

In 2017, the State Taxation Administration issued the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or the State Taxation Administration Circular 37, most recently amended in 2018, which further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of State Taxation Administration Circular 7. State Taxation Administration Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Regulations on Employment and Social Welfare

The PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the NPC in 1994, and amended in 2009 and 2018, provides that employees are entitled to equal opportunities in employment, selection of occupations, receiving labor remuneration, rest days and holidays, protection of occupational safety and healthcare, social insurance and welfare. Employers must establish and improve the system for occupational safety and healthcare, provide training on occupational safety and healthcare to employees, comply with national and local regulations on occupational safety and healthcare, and provide necessary labor protective supplies to employees.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the NPC in 2007, amended in 2012 and came into effect in 2013, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council and came into effect in 2008, stipulate the relations of employer and the employee, and contain specific provisions including but not limited to the probationary period and liquidated damages to protect the rights and interests of the employees.

The PRC Social Insurance Law (《中華人民共和國社會保險法》) issued by the NPC in 2010, effective in 2011 and last amended in 2018, provides that an employee shall participate in five types of social insurance funds, including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance. The premiums for maternity insurance and occupational injury insurance are paid by the employer, while the premiums for pension insurance, medical insurance and unemployment insurance are paid by both the employer and the employee. If the employer fails to fully contribute to social insurance funds on time, the collection agency for such social insurance may demand the employer to make full payment or to pay the shortfall within a set period and collect a late charge. If the employer fails to pay after the due date, the relevant government administrative body may impose a fine on the employer.

The Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) issued by the State Council in 1999 and last revised in 2019 provides that enterprises must register with the competent managing center for housing funds and shall contribute to the Housing Provident Fund for any employee on its payroll. Where an employer fails to pay up housing provident funds within the prescribed time limit, the employer may be fined and ordered to make payment within a certain period. Where the contribution has not been made after the expiration of the time limit, the enterprises may be subject to compulsory enforcement by the People's Court.

Regulations on M&A and Overseas Listings

In 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which became effective on in 2006 and most recently amended in 2009. Foreign investors shall abide by the M&A Rules, when purchasing equity interests or subscribing the increased capital of a domestic company, and thus changing the nature of the company from a domestic one to a foreign-invested enterprise; or when establishing a foreign-invested enterprise directly in the PRC and operating the assets purchased from a domestic company; or when purchasing the assets of a domestic company, establishing a foreign-invested enterprise by injecting such assets and then operating the assets. However, the M&A Rules has been partially replaced by the Foreign Investment Law.

In December 2020, the NDRC and the Ministry of Commerce issued the Measures for the Security Review of Foreign Investments (《外商投資安全審查辦法》) , which established a working mechanism to organize, coordinate and guide the security review of foreign investments. In 2011, the Ministry of Commerce issued the Provisions on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《實施外國投資者併購境內企業安全審查制度的規定》), according to which mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), or the Trial Measures, and relevant five guidelines, which became effective on March 31, 2023. According to the Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means ("**Overseas Offering and Listing**"), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as indirect Overseas Offering and Listing by a PRC domestic enterprise: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. The Trial Measures also requires subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Archive Rules, which became effective on March 31, 2023. Archive Rules requires, among others, that PRC domestic enterprises seeking to offer and list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials, which may adversely affect national security or public interests, and accounting files or copies of important preservation value to the state and society shall be subject to corresponding procedures in accordance with relevant laws and regulations.

OVERVIEW

Our Company was incorporated in 2018. The operation history of our Group dates back to 2019, when we commenced our onshore operation under the leadership of Dr. Zhuang. Since then, we have grown rapidly in both technological capability and market presence. By 2024, our solutions powered one in approximately every ten new vehicles in China equipped with a smart cockpit domain control system— a testament to the trust OEMs place in us and our solutions' proven quality and scalability. For the biography and industry experience of Dr. Zhuang, see "Directors and Senior Management — Board of Directors — Executive Directors".

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

Year	Business Event
2019	We commenced the development of smart cockpit solutions based on the Qualcomm SA8155 chip and our modular software architecture.
2020	We secured design-wins with Li Auto and Changan DEEPAL.
2021	Our revenue exceeded RMB100 million.
	We secured design-wins with Voyah and Chery.
2022	The first vehicle model equipped with our solutions reached mass-production.
	Our annual total delivery volume exceeded 100,000 units.
	We secured design-wins with Dongfeng.
2023	Our revenue exceeded RMB1.5 billion.
	Our annual total delivery volume exceeded 500,000 units.
	We secured design-wins with Changan Mazda, our first joint venture customer.
	We secured design-wins for smart cockpit solutions based on a single Qualcomm SA8295 chip in for Voyah.
2024	We discontinued certain business relationship to concentrate our efforts on design-wins and customers that are more aligned with our long-term strategies.
	Our solutions powered one in approximately every ten new vehicles in China equipped with a smart cockpit domain control system.
	We became the first third-party provider to achieve mass production of an integrated *Smart Cockpit + Parking* solution powered by a single chip.
	We have expanded our customer base to include joint venture OEMs, such as Dongfeng Nissan and Jiangling Ford; we secured design-wins with Jiangling Ford for our smart cockpit solutions based on the Qualcomm SA8255 chip.
	We entered into strategic cooperation with a Tier-1 supplier of an international OEM for joint development of smart cockpit solutions based on a single Qualcomm SA8295 chip.
	Our cumulative total delivery volume exceeded 1 million units.

OUR PRINCIPAL SUBSIDIARIES

Set forth below are details for each of our principal subsidiaries which made material contribution to our results of operations during the Track Record Period. Both of them were established in the PRC and have been directly wholly owned by our Company, since their establishment and up to the Latest Practicable Date:

Name of principal subsidiary	Place of establishment	Date of establishment	Principal activities
Megatronix (Beijing) Technology	PRC	August 16, 2018	Software and platform development
Megatronix (Wuhan) Technology	PRC	June 27, 2022	Software and platform development

Note:

(1) For details of shareholding of our principal subsidiaries and operating entities, see "— Our corporate structure immediately prior to the completion of the **[REDACTED]**" below in this section. Since the date of establishment of each of our principal subsidiaries and operating entities, there has not been any change in their respective shareholding.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Incorporation of our Company and initial shareholding structure

Our Company was established on June 14, 2018 as an exempted company with limited liability incorporated under the laws of the Cayman Islands with an initial registered capital of US$50,000. On the date of incorporation, our Company allotted and issued one ordinary Share to Sertus Nominees (Cayman) Limited, our then registered office services provider, which was subsequently transferred to Qualblocks Holdings Limited on the same date. On the same date, our Company further allotted and issued 999 Shares to Qualblocks Holdings Limited at par. Further, on August 21, 2018, our Company allotted and issued 111,999,000 Shares to AIZL Holdings Limited, and 32,000,000 Shares to MJXY Holdings Limited, at par.

As such, the initial Shareholders of our Company were as follows:

Name of the Shareholders	Number of Shares	Approximate percentage of shareholding (%)
AIZL Holdings Limited(1)	111,999,000	77.7771%
MJXY Holdings Limited(2)	32,000,000	22.2222%
Qualblocks Holdings Limited(3)	1,000	0.0007%

Notes:

(1) AIZL Holdings Limited is a limited company established in the BVI with its the sole shareholder being Dr. Zhuang, our Controlling Shareholder. For AIZL Holdings Limited's current shareholding structure, see "Relationship with the Controlling Shareholders".

(2) MJXY Holdings Limited is a limited company established in the BVI with its the sole shareholder being Dr. Zhuang, our Controlling Shareholder. For MJXY Holdings Limited's current shareholding structure, see "Relationship with the Controlling Shareholders".

(3) Qualblocks Holdings Limited is a limited company established in the BVI wholly-owned by Mr. Zhu Zhengqiang (朱正強), an Independent Third Party. The holding of Qualblocks Holdings Limited in our Company was in place to mirror the equity holding structure of the then effective onshore contractual arrangement upon request of the then investors of the Company. In consideration

of unwinding the said contractual arrangements, (i) on June 5, 2025, the entire 1,000 Shares then held by Qualblocks Holdings Limited were surrendered to the Company for cancellation and re-issued to AIZL Holdings Limited on the same date, whereby Qualblocks Holdings Limited ceased to be a Shareholder effective from the same date; and (ii) on June 6, 2025, the onshore contractual arrangement was terminated. For details, see the notes in "—Our Corporate Structure Immediately Prior to the Completion of the **[REDACTED]**" below in this section.

2. Historical Voting Rights Arrangements

On August 28, 2018, the then Shareholders resolved to adopt a weighted voting rights structure of the Company, whereby, (i) at the Shareholders' level, subject to the relevant shareholders' protective provisions, each ordinary Share owned by Dr. Zhuang was entitled to five votes at the general meetings of the Company; and (ii) at the Board level, subject to the relevant protective provisions, Dr. Zhuang, in her capacity as a Director, was entitled to five votes at the Board meetings. Pursuant to the shareholders' resolutions dated December 30, 2024, with immediate effect, (i) the weighted voting rights structure at the Shareholders level was terminated; and (ii) Dr. Zhuang's entitlement to votes at Board meetings has been adjusted from five votes to three votes. Such weighted voting rights structure at the Board level will be terminated upon **[REDACTED]**.

3. Pre-[REDACTED] Investments

Pursuant to the relevant investment agreements signed between August 28, 2018 and December 26, 2024, our Company conducted the Series Seed, Series A, Series B, Series C, Series D, and Series D+ rounds of financing. For details, see "—Pre-**[REDACTED]** Investments" below in this section.

4. Shareholding changes in September 2020

On September 10, 2020, due to a certain then individual investor's intention to realize his financial investment in the Company through Dr. Zhuang, (i) the Company repurchased a total of 36,027,312 Shares then beneficially owned by such individual investor through AIZL Holdings Limited and MJXY Holdings Limited; and (ii) such individual investor transferred to Dr. Zhuang his beneficial ownership in a total of 3,972,688 Shares which he owned through AIZL Holdings Limited and MJXY Holdings Limited. As a result, immediately following the said repurchase by the Company, Dr. Zhuang, through each of AIZL Holdings Limited and MJXY Holdings Limited, held 90,382,613 Shares and 17,589,075 Shares in our Company, respectively. The total consideration for the aforesaid Share repurchase and beneficial interests transfer was US$2.7 million, which was determined after arm's length negotiation between the relevant parties, having taken into account, among other things, (i) the valuation of our Company at the time such consideration was agreed upon; (ii) the initial investment cost of such individual investor; and (iii) the recognition by the Company of the contributions by such individual investor during the early phase of the Company's development, particularly in soliciting early major customers for our Company. On the same date, the said individual investor ceased to have any interest in the Company.

PRE-[REDACTED] INVESTMENTS

Overview

Between 2018 and 2024, our Company completed several rounds of Pre-**[REDACTED]** Investments.

For background of each of the Pre-**[REDACTED]** Investors, see "—Pre-**[REDACTED]** Investments—Information about our Pre-**[REDACTED]** Investors" below in this section.

Details of the Pre-**[REDACTED]** Investments by our Pre-**[REDACTED]** Investors through subscription of new Shares of our Company are summarized below.

	Series Seed Financing	**Series A Financing**	**Series B Financing**	**Series C Financing**	**Series D Financing**	**Series D+ Financing(3)**
Number of Shares subscribed	20,000,000 Series Seed Preferred Shares	23,463,687 Series A Preferred Shares	29,795,158 Series B Preferred Shares	40,844,195 Series C Preferred Shares	9,033,774 Series D Preferred Shares	9,661,071 Series D+ Preferred Shares
Amount of consideration paid (US$)	6,000,000	21,000,000	40,000,000	105,000,000	28,000,000	30,694,605
Date of investment agreement(s)	August 28, 2018	January 9, 2019	March 18, 2020, September 18, 2020 and September 19, 2020	April 1, 2021 and July 16, 2021	December 30, 2022	December 26, 2024
Date of last payment of full consideration	August 28, 2018	February 25, 2019	December 21, 2020	September 9，2021	August 11，2023	May 7, 2025
Post-money valuation(1) (US$)	60,000,000	200,000,000	320,000,000	705,000,000	878,000,000	930,694,605
Cost per Share (US$)	0.3	0.90	1.34	2.57	3.10	3.18
[REDACTED] to the [REDACTED](2)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Use of proceeds and whether they have been fully utilized	We utilize the proceeds to finance our research and development activities and fund our daily operations. As of the Latest Practicable Date, approximately 75% of the net proceeds from Pre-**[REDACTED]** Investments had been utilized by our Group.
Lock-up period	Pursuant to the relevant agreements in relation to the Pre-**[REDACTED]** Investments, each Pre-**[REDACTED]** Investor agreed that, so long as it holds any voting securities of the Company, upon request by the Company or the Joint Sponsors, it will not, subject to customary carve-outs, sell or otherwise transfer or dispose of any securities of the Company without the prior written consent of the Company or the Joint Sponsors, as the case may be, for a period of time specified by the representative of the Joint Sponsors to the extent as required by the applicable laws but not to exceed 180 days from the **[REDACTED]** or the **[REDACTED]** of such **[REDACTED]** as may be requested by the Joint Sponsors.
Strategic benefits of the Pre-[REDACTED] Investment brought to our Group	Our Group would benefit from the additional capital injected by the Pre-**[REDACTED]** Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, including their established image as seasoned institutional investors in the technology industry in China. Our Pre-**[REDACTED]** Investors include private equity funds and other professional investment companies, many of which are highly experienced in investing in the technology industry. Our Directors believe that our Company could benefit from their industry insights and guidance.

Notes:

(1) Equals the total consideration (take account to the fluctuation of exchange rate) paid by each round of Pre-**[REDACTED]** Investors divided by the shareholding percentage of it immediately following their investments (assuming Shares issuable under the Pre-**[REDACTED]** Option Plan are fully issued).

The increase in the valuation of our Company from Series Seed to Series A was mainly because (i) the new energy industry has been emerging in the PRC with considerable growth potential and government support at the relevant period; and (ii) during the material time, the Company secured a design-win for a Proof-of-Concept project based on MTK chips, in addition to engaging active negotiations with several energy OEMs for possible cooperations.

The increase in the valuation of our Company from Series A to Series B was mainly due to that, during the material time, and based on the Qualcomm SA8155 platform, Company has established a modular integrated hardware and software architecture, achieving a significant leap in its core business operations. Moreover, during the material time, the Company as a supplier has been capable to offer one of the most comprehensive product matrix in the industry and accordingly has secured Li Auto and Changan as new customers.

The increase in the valuation of our Company from Series B to Series C was mainly due to the Company's expansion in product lines to secure design-wins with Voyah and Chery, in addition to other on-going Proof-of-Concept projects, which resulted in considerable revenue increase in a period where the PRC's larger automotive industry has been recovering and growing significantly.

The increase in the valuation of our Company from Series C to Series D was mainly due to the Company's rapid year-on-year revenue growth, from RMB100 million in 2021 to RMB388 million in 2022, with the annual total delivery volume exceeded 100,000 units.

The increase in the valuation of our Company from Series D to Series D+ was mainly because during the relevant period, the Company has become one of the leading suppliers in the industry, capturing a 9.3% market share in China's domain controller segment, while recording a gross margin exceeding 20% for the year ended December 31, 2024. For other reasons leading to the increase in valuation, see " — Key Corporate and Business Development Milestones" above in this section.

The increase in the valuation of our Company from Series D+ to the **[REDACTED]** was mainly due to that the Company has been consistently increasing its market penetration through securing new customers, as well as further cultivating its existing customers for growing purchase orders. By implementing an agile global expansion strategy, the Company targets to be a world-leading intelligent automotive solutions provider. Through the innovative *Smart Cockpit + X* solution platform, the Company continues to expand product portfolio with offerings such as integrated smart cockpit systems, which significantly enhances software value proposition, solidifying our position as an innovation-driven automotive technology pioneer.

(2) Assuming that the **[REDACTED]** is HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range).

(3) Pursuant to the Series D+ share transfer agreement dated December 26, 2024, Suzhou Muhua, as transferee, acquired (1) 78,817 Series Seed Preferred Shares from HIKE Capital L.P. at a consideration of US$171,004; (2) 39,488 Series A Preferred Shares from ACE Redpoint Ventures China I, L.P. at a consideration of US$85,675; (3) 2,241 Series A Preferred Shares from ACE Redpoint Associates China I, L.P. at a consideration of US$4,862; (4) 549 Series A Preferred Shares from ACE Redpoint China Strategic I, L.P. at a consideration of US$1,192; and (5) 7,117 Series B Preferred Shares from Nanshan Xingyu Holding Limited at a consideration of US $15,442 which was agreed based on arm's length negotiations between the relevant parties thereto. The last installation of the considerations for the above transfers was settled on April 10, 2025.

Pursuant to the Series D+ share purchase agreement, Prime Investment Limited ("**Prime**") initially agreed to subscribe for 8,812,949 D+ Preferred Shares at the same consideration as other Pre-**[REDACTED]** investors. Accordingly, such number of Series D+ Preferred Shares were allotted and issued to Prime for the corresponding amount of considerations expected to be settled. Subsequently, due to Prime's internal restructuring, on May 27, 2025, pursuant to a termination and amendment agreement, it surrendered such number of Series D+ Preferred Shares to the Company for cancelation and ceased to be a Shareholder on the same date.

Special rights of the Pre-[REDACTED] Investors

Our Company and, among others, the Pre-**[REDACTED]** Investors entered into a shareholders' agreement dated June 23, 2025 ("**Shareholders' Agreement**"), pursuant to which certain shareholder rights were agreed among the parties. Pursuant to the Shareholders' Agreement and the then memorandum and articles of association of our Company, certain Pre-**[REDACTED]** Investors were granted such as information and inspection rights, election of directors and observers, protection provisions and redemption rights.

The redemption rights, among others, have been terminated prior to the first filing of the **[REDACTED]** and shall be automatically reinstated upon the earliest of the occurrence of any of the following redemption right restoring events: (a) the rejection/return of the **[REDACTED]** from the Hong Kong Stock Exchange; (b) the Company serving a notice of withdrawal of the **[REDACTED]** to the Hong Kong Stock Exchange; (c) the lapse of the **[REDACTED]** and such **[REDACTED]** is not renewed within 6 months; and (d) the failure by the Company to consummate the **[REDACTED]** before December 30, 2028. All other special rights granted to the Pre-**[REDACTED]** Investors will be terminated upon the **[REDACTED]**.

Compliance with the Pre-[REDACTED] Investment Guidance

On the basis that the redemption right has been terminated prior to the first filing of the **[REDACTED]**, and all other special rights will be terminated upon the **[REDACTED]**, the Joint Sponsors confirm that all the Pre-**[REDACTED]** Investments made by the Pre-**[REDACTED]** Investors are in compliance with Chapter 4.2 under the Guide for New Listing Applicants.

Information about our Pre-[REDACTED] Investors

The background information of our Pre-**[REDACTED]** Investors is set out below in alphabetical order. To the best knowledge of our Directors, save as disclosed in this section, each of our Pre-**[REDACTED]** Investors is an Independent Third Party.

ACE Redpoint entities

ACE Redpoint Ventures China I, L.P.

ACE Redpoint Ventures China I, L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands on September 23, 2016 and is primarily engaged in investment activities. Its general partner is ACE Redpoint Ventures China I GP, L.P. owning 1 % of the interest, and its ultimate beneficial owner is David Wenda Yuan, our former Director. None of the 26 limited partners of ACE Redpoint Ventures China I, L.P. holds 30% or more interest therein. Its largest limited partner is Axiom Asia IV, L.P. holding approximately 16.5% partnership interests therein.

ACE Redpoint Associates China I, L.P.

ACE Redpoint Associates China I, L.P., an investment arm of ACE Redpoint, is an exempted limited partnership incorporated under the laws of the Cayman Islands on November 17, 2016 and is primarily engaged in investment activities. Its general partner is ACE Redpoint Ventures China I GP, Ltd. owning no interest therein, of which the ultimate beneficial owner is David Wenda Yuan, our former Director. None of the 18 limited partners of ACE Redpoint Associates China I, L.P. holds 30% or more interest therein. Its largest limited partner is Walecka 1992 Living Trust holding approximately 24.20% partnership interests therein.

ACE Redpoint China Strategic I, L.P.

ACE Redpoint China Strategic I, L.P., an investment arm of ACE Redpoint, is an exempted limited partnership incorporated under the laws of the Cayman Islands on November 17, 2016 and is primarily engaged in investment activities. Its general partner is ACE Redpoint Ventures China I GP, L.P. owning no interest therein, of which the ultimate beneficial owner is David Wenda Yuan, our former Director. None of the eight limited partners of ACE Redpoint China Strategic I, L.P. holds 20% or more of interest therein.

ACE Redpoint Opportunity China, L.P.

ACE Redpoint Opportunity China, L.P., an investment arm of ACE Redpoint, is an exempted limited partnership incorporated under the laws of the Cayman Islands on November 29, 2018 and is primarily engaged in investment activities. Its general partner is ACE Redpoint Opportunity China GP, L.P. owning 1% of the interest, of which the ultimate beneficial owner is David Wenda Yuan, our former Director. None of the 55 limited partners of ACE Redpoint Opportunity China, L.P. holds 30% or more of interest therein. Its largest limited partner is Allianz Leben Private Equity Fonds 2001 GmbH holding approximately 17% partnership interests therein.

ACE Redpoint Opportunity Associates China, L.P.

ACE Redpoint Opportunity Associates China, L.P., an investment arm of ACE Redpoint, is an exempted limited partnership incorporated under the laws of the Cayman Islands on November 29, 2018 and is primarily engaged in investment activities. Its general partner is ACE Redpoint Ventures China II GP, Ltd. owning no interest therein, and its ultimate beneficial owner is David Wenda Yuan, our former Director. None of 13 limited partners of ACE Redpoint Opportunity Associates China, L.P. holds one third or more partnership interest therein.

Beijing CM Digital Economy Investment Fund, L.P.

Beijing CM Digital Economy Investment Fund, L.P. (北京中移數字新經濟產業基金合夥企業(有限合夥)) ("**CM Beijing Fund**") is a limited partnership established in the PRC on August 26, 2022 with equity investment, investment management and asset management as its principal business. Its general partner is Beijing CM Digital Economy Investment Fund General Partner, L.P. (北京朝和創數字經濟企業管理合夥企業(有限合夥)) ("**CM Beijing Fund GP**"), holding approximately 1.2966% of the interest. CM Beijing Fund has 11 limited partners, with the largest limited partner being China Mobile Capital Holding Co., Ltd. (中移資本控股有限責任公司) holding approximately 53.8088% of the interest therein, and none of the other 10 limited partners holds 30% or more interest therein.

CM Beijing Fund GP is owned as to 66.67% by China Mobile Equity Investment Management Company Limited (和創數字私募股權基金管理(北京)有限公司) as its general partner, which is held as to 40.00% of shares by China Mobile Capital Holding Co., Ltd. (中移資本控股有限責任公司), a company indirectly wholly owned by the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). None of the other four shareholders of China Mobile Equity Investment Management Company Limited holds 30% or more of shares therein.

The limited partners of CM Beijing Fund GP are China Mobile Capital Holding Co., Ltd. (中移資本控股有限責任公司), Beijing Chaoke Venture Capital Management Co., Ltd. (北京朝科創業投資管理有限公司) and China National State-owned Enterprises Structural Adjustment Fund Phase II Co., Ltd. (中國國有企業結構調整基金二期股份有限公司), holding 16.67%, 8.33% and 8.33% of interest therein, respectively.

El Camino Fund, L.P.

El Camino Fund, L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands on June 5, 2019 and is primarily engaged in equity investment. Its general partner is El Camino Capital Partners LLC, holding 2% of the interest. Each of the limited partners of El Camino Fund, L.P. holds less than 30% of partnership interests therein.

El Camino Capital Partners LLC is an investment firm incorporated in Delaware, U.S., focusing on innovative technology industries. Its largest shareholder holding 30% equity interest therein is in turn wholly owned by Angela Xue as its ultimate beneficial owner. Each of the other shareholders holds less than 30% equity interest.

El Camino Fund Infinity, L.P.

El Camino Fund Infinity, L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands on December 19, 2021. Its owned as to (i) approximately 1.5% by El Camino Capital Ltd. as its general partner, which is in turn wholly owned by Angela Xue as its ultimate beneficial owner; and (ii) approximately 80% by ZGC INTERNATIONAL LIMITED. Each of the other shareholders holds less than 30% equity interest. Its largest limited partner is ZGC INTERNATIONAL LIMITED, a company incorporated under the laws of the British Virgin Islands, principally engaged in investment and asset management, and is wholly owned by ZGC International Holding Limited. ZGC International Holding Limited is a wholly owned subsidiary of Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) ("**ZGC Group**") which acts as an overseas investment and financing and global innovation network construction coordinating platform. ZGC Group is a state-owned enterprise established by the Beijing municipal government.

Fulton Investment Limited

Fulton Investment Limited is a company limited by shares and is incorporated in the BVI on February 22, 2018, and is primarily engaged in equity investment. Fulton Investment Limited owned by M31 Navigator Fund LP as to 100% of the shares. M31 Navigator Fund LP is an exempted limited partnership incorporated under the laws of the Cayman Islands on February 13, 2018, and is primarily engaged in equity investment. Its general partner is M31 GP I holding 1% partnership interests therein, the exercise of voting power of which is in turn ultimately controlled by Patrick Zhong. M31 Navigator Fund LP has 28 limited partners, none of which holds more than 30% of the partnership interests.

HIKE Capital entities

HIKE Capital L.P.

HIKE Capital L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands on August 26, 2016, and is primarily engaged in equity investment. The general partner of HIKE Capital L.P. is HIKE capital Inc., owing 1% therein. HIKE Capital Inc. is held as to 50% by ShiningBay Holdings Limited, which is wholly owned by Xu Shi; and 50% by Trinityville Profit Limited, which is ultimately controlled by Yang Haoyong. There is one limited partner of HIKE Capital L.P., Trinityville Profit Limited, which owns 99% of partnership interest therein.

HIKE Capital III L.P.

HIKE Capital III L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands on May 14, 2020, and is primarily engaged in equity investment. Its general partner is HIKE Capital III Inc., holding no partnership interests therein, which is in turn ultimately controlled by ShiningBay Holdings Limited and Trinityville Profit Limited. There are 12 limited partners of HIKE Capital III L.P., and there is no limited partner which owns 30% or more of partnership interest therein. The largest limited partner of HIKE Capital III L.P. is Phoebus L.P., holding 16% of interest therein.

Nanshan Xingyu Holding Limited

Nanshan Xingyu Holding Limited is a limited company established in the BVI on September 5th, 2018, and is primarily engaged in equity investment. it is wholly owned by Shanghai Nanshanxing Enterprise Management Center (Limited Partnership) (上海南山星企業管理中心(有限合夥)), ("**Shanghai Nanshanxing**"). Shanghai Nanshanxing is held as to: (1) approximately 0.0002% by Nanshan Asset Management (Tianjin) Co., Ltd. (南山資產管理(天津)有限公司) ("**Nanshan Asset Management**"); and (2) approximately 48.50% by Suzhou Nanshan Xing rui Venture Investment Partnership Enterprise (Limited Partnership) (蘇州南山星睿創業投資合夥企業(有限合夥)) ("**Suzhou Nanshanxingrui**"), whose general partner is Nanshan Asset Management, and none of limited partners hold more then one third partnership interest. Nanshan Asset Management is wholly owned by He Jia. Nanshan Asset Management is primarily engaged in the management of private funds, with a primary focus on private equity investments in the culture and technology industries.

Poly Platinum Enterprises Limited

Poly Platinum Enterprises Limited ("**Poly Platinum**") is a company incorporated in the British Virgin Islands with limited liability and is wholly controlled by Greater Bay Area Homeland Development Fund LP ("**GBA Fund**"). GBA Fund is a private fund established in the Cayman Islands and has nine limited partners, each of which holds less than 16% of the interest therein. Both Poly Platinum and GBA Fund are managed by Greater Bay Area Development Fund Management Limited, a company licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong.

TH EDU Capital entities

TH EDU Capital Fund I LP

TH EDU Capital Fund I LP is an exempted limited partnership incorporated under the laws of the Cayman Islands on August 24, 2017, and is primarily engaged in equity investment. Its general partner is Transcendence capital holding 4.03% partnership interests therein, which is ultimately controlled by Zhang Yu, our former Director. TH EDU Capital Fund I LP has 12 limited partners, with the largest limited partner being HE SHENG OVERSEAS HOLDINGS LIMITED holding approximately 33.33% partnership interests therein. HE SHENG OVERSEAS HOLDINGS LIMITED is ultimately held as to 100% by The Jia Sheng Trust, the settlor of which is DING Shijia. None of the other limited partners of TH EDU Capital Fund I LP holds 30% or more interest therein.

TH EDU Capital Fund I LP is an investment arm of Shanghai Muhua Jinyu Equity Investment Management Partnership (Limited Partnership) (上海慕華金譽股權投資管理合夥企業(有限合夥)), an investment platform established in the PRC on September 20, 2016 which is primarily engaged in private equity investment in culture and education industry.

Suzhou Muhua Equity Investment Partnership (Limited)

Suzhou Muhua Equity Investment Partnership (Limited) (蘇州慕華股權投資合夥企業(有限合夥)) ("**Suzhou Muhua**") is a limited partnership established in the PRC on July 30, 2020 with equity investment and venture investment as its principal business, Shanghai Muhua Jinyu Equity Investment Management Partnership (Limited Partnership) (上海慕華金譽股權投資管理合夥企業(有限合夥)) as its general partner owning 1.00% of the interest, and Zhang Yu, our former Director, as its ultimate beneficial owner. Suzhou Muhua has 19 limited partners, and the largest limited partner is Suzhou Xiangcheng Innovation Industry Venture Capital Center (Limited Partnership) (蘇州市相城創新產業創業投資中心(有限合夥)), owning 12.41% of the interest.

Anhui Muhua I Equity Investment Partnership (Limited Partnership)

Anhui Muhua I Equity Investment Partnership (Limited Partnership) (安徽慕華一號股權投資合夥企業(有限合夥)) ("**Anhui Muhua**"), is a limited partnership established in the PRC on December 2, 2024 with equity investment, investment management and asset management as its principal business, Shanghai Muhua Jinyu Equity Investment Management Partnership (Limited Partnership) (上海慕華金譽股權投資管理合夥企業(有限合夥)) as its general partner owning 0.05% of the interest, and Zhang Yu, our former Director, as its ultimate beneficial owner. Anhui Muhua has one limited partner, Suzhou Muhua, with a shareholding of 99.95%.

Tianjin Keytone Opportunity Growth Fund II Equity Investment Partnership (Limited Liability Partnership)

Tianjin Keytone Opportunity Growth Fund II Equity Investment Partnership (Limited Liability Partnership) (天津凱旋機會成長貳號股權投資合夥企業(有限合夥)) ("**Tianjin Keytone**") is a limited partnership established in the PRC on June 18, 2021 with equity investment, investment management and asset management as its principal business, Tianjin Keytone Jia Ye Enterprise Management Partnership (Limited Liability Partnership) (天津凱旋佳業企業管理合夥企業(有限合夥)) as its general partner owning 2.04% of the interest, and Li Qi as its ultimate beneficial owner. Tianjin Keytone has 8 limited partners, and the largest limited partner is Zhongxin Suzhou Industrial Park Venture Capital Co., Ltd.(中新蘇州工業園區創業投資有限公司), a state-owned company, with a shareholding of 30.67%. Zhongxin Suzhou Industrial Park Venture Capital Co., Ltd. is wholly owned by Suzhou Yuanhe Holding Co., Ltd.(蘇州元禾控股股份有限公司), which is in turn owned as to 59.98% of the shareholding by Suzhou Industrial Park Economic Development Co., Ltd. (蘇州工業園區經濟發展有限公司), a state-owned company.

PUBLIC FLOAT

Upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan), Shares held by certain of our Shareholders will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules. Details of these Shareholders and their respective shareholding upon completion of the **[REDACTED]** (assuming **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan) are set out below:

- AIZL Holdings Limited, a Controlling Shareholder, holding approximately **[REDACTED]**% of the total issued Shares;

- MJXY Holdings Limited, a Controlling Shareholder, holding approximately **[REDACTED]**% of the total issued Shares; and

- Nanshan Xingyu Holding Limited, a Substantial Shareholder, holding approximately **[REDACTED]**% of the total issued Shares

Save as disclosed above, as at the date of this Document, no other Shareholder will be a core connected person of the Company (as defined in the Listing Rules) upon **[REDACTED]**. Taking into account the above and the Shares to be issued pursuant to the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan), **[REDACTED]**% of the total issued Shares upon **[REDACTED]** will be counted towards the public float of the Company.

SHARE CONVERSION

Immediately prior to the **[REDACTED]**, each of the Preferred Shares will be automatically converted into ordinary Shares on a one-to-one basis by way of re-designation and re-classification.

CAPITALIZATION

The below table summarizes the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan).

	As of the Latest Practicable Date									Immediately upon completion of the [REDACTED][1]	
Shareholders[2]	**Ordinary Shares**	**Series Seed**	**Series A**	**Series B**	**Series C**	**Series D**	**Series D+**	**Aggregate number of Shares**	**Aggregate ownership percentage (%)**	**Aggregate number of Shares**	**Aggregate ownership percentage (%)**
Controlling Shareholders											
AIZL Holdings Limited[3]	90,383,613	—	—	—	—	—	—	90,383,613	37.54	90,383,613	**[REDACTED]**
MJXY Holdings Limited[3]	17,589,075							17,589,075	7.31	17,589,075	**[REDACTED]**
Subtotal	**107,972,688**	**—**	**—**	**—**	**—**	**—**	**—**	**107,972,688**	**44.85**	**107,972,688**	**[REDACTED]**
Nanshan Asset Management											
Nanshan Xingyu Holding Limited	—	—	—	29,788,041	7,779,847	3,226,348	—	40,794,236	16.94	40,794,236	**[REDACTED]**
HIKE Capital Entities											
HIKE Capital L.P.	—	19,921,183	5,586,592	—	—	—	—	25,507,775	10.59	25,507,775	**[REDACTED]**
HIKE Capital III L.P.	—	—	—	—	1,944,962	—	—	1,944,962	0.81	1,944,962	**[REDACTED]**
Subtotal	**—**	**19,921,183**	**5,586,592**	**—**	**1,944,962**	**—**	**—**	**27,452,737**	**11.40**	**27,452,737**	**[REDACTED]**
Ace Redpoint Entities											
ACE Redpoint Ventures China I, L.P.	—	—	16,657,719	—	—	915,928	—	17,573,647	7.30	17,573,647	**[REDACTED]**
ACE Redpoint Associates China I, L.P.	—	—	945,245	—	—	51,976	—	997,221	0.41	997,221	**[REDACTED]**
ACE Redpoint China Strategic I, L.P.	—	—	231,853	—	—	—	—	231,853	0.10	231,853	**[REDACTED]**
ACE Redpoint Opportunity China, L.P.	—	—	—	—	3,804,345	—	—	3,804,345	1.58	3,804,345	**[REDACTED]**
ACE Redpoint Opportunity Associates China, L.P.	—	—	—	—	85,578	—	—	85,578	0.04	85,578	**[REDACTED]**
Subtotal	**—**	**—**	**17,834,817**		**3,889,923**	**967,904**	**—**	**—**	**9.43**	**22,692,644**	**[REDACTED]**
TH EDU Capital Entities											
Suzhou Muhua Equity Investment Partnership (Limited)	—	78,817	42,278	7,117	—	—	—	128,212	0.05	128,212	**[REDACTED]**
TH EDU Capital Fund I LP	—	—	—	—	17,504,655	—	—	17,504,655	7.27	17,504,655	**[REDACTED]**
Anhui Muhua I Equity Investment Partnership (Limited Partnership)	—	—	—	—	—	—	905,541	905,541	0.38	905,541	**[REDACTED]**
Subtotal	**—**	**78,817**	**42,278**	**7,117**	**17,504,655**	**—**	**905,541**	**18,538,408**	**7.70**	**18,538,408**	**[REDACTED]**

	As of the Latest Practicable Date									Immediately upon completion of the [REDACTED][1]	
Shareholders[2]	**Ordinary Shares**	**Series Seed**	**Series A**	**Series B**	**Series C**	**Series D**	**Series D+**	**Aggregate number of Shares**	**Aggregate ownership percentage (%)**	**Aggregate number of Shares**	**Aggregate ownership percentage (%)**
Beijing CM Digital Economy Investment Fund, L.P.	—	—	—	—	—	—	8,755,530	8,755,530	3.64	8,755,530	**[REDACTED]**
Tianjin Keytone Opportunity Growth Fund II Equity Investment Partnership (Limited Liability Partnership)	—	—	—	—	5,834,885	—	—	5,834,885	2.42	5,834,885	**[REDACTED]**
Poly Platinum Enterprises Limited	—	—	—	—	3,889,923	—	—	3,889,923	1.62	3,889,923	**[REDACTED]**
Fulton Investment Limited	—	—	—	—	—	3,226,348		3,226,348	1.34	3,226,348	**[REDACTED]**
El Camino Fund, L.P.	—	—	—	—	—	806,587	—	806,587	0.34	806,587	**[REDACTED]**
El Camino Fund Infinity, L.P.	—	—	—	—	—	806,587	—	806,587	0.34	806,587	**[REDACTED]**
Other investors taking part in the **[REDACTED]**	—	—	—	—	—	—	—	—	—	**[REDACTED]**	**[REDACTED]**
Total	**107,972,688**	**20,000,000**	**23,463,687**	**29,795,158**	**40,844,195**	**9,033,774**	**9,661,071**	**240,770,573**	**100.00**	**[REDACTED]**	**100.00**

Notes:

(1) Based on the assumption that (i) each of the Preferred Shares will be converted into ordinary Shares on a one-to-one basis immediately before the completion of the **[REDACTED]**, and (ii) the **[REDACTED]** is not exercised; and (iii) no Shares are to be issued pursuant to the Pre-**[REDACTED]** Option Plan.

(2) For background of each of the Shareholders who are Pre-**[REDACTED]** Investors, see "—Pre-**[REDACTED]** Investments—Information about our Pre-**[REDACTED]** Investors" below in this section.

(3) As of the Latest Practicable Date, AIZL Holdings Limited was held as to: (1) 62% by Dr. Zhuang, and (2) 38% by Jade & Roc Limited, and MJXY Holdings Limited was wholly owned by Jade & Roc Limited. Jade & Roc Limited is wholly owned by Trident Trust Company (HK) Limited, as the trustee for the A&A Family Trust. A&A Family Trust is the family trust established by Dr. Zhuang as the settlor for the benefit of Dr. Zhuang's family members.

PRE-[REDACTED] OPTION PLAN

As at the Latest Practicable Date, our Company has adopted the Pre-**[REDACTED]** Option Plan. No options under the Pre-**[REDACTED]** Option Plan will be further granted after the **[REDACTED]** and all granted options have been granted to specified individuals under the Pre-**[REDACTED]** Option Plan. For details, see "Appendix IV—Statutory and General Information—Pre-**[REDACTED]** Option Plan".

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that (i) our PRC subsidiaries have been duly established and all necessary regulatory approvals and registrations in respect of the incorporation and capital increase of our PRC subsidiaries, as applicable, have been obtained in accordance with PRC laws in all material respects, and (ii) all share transfers of our PRC subsidiaries have complied with all applicable PRC laws in all material respects.

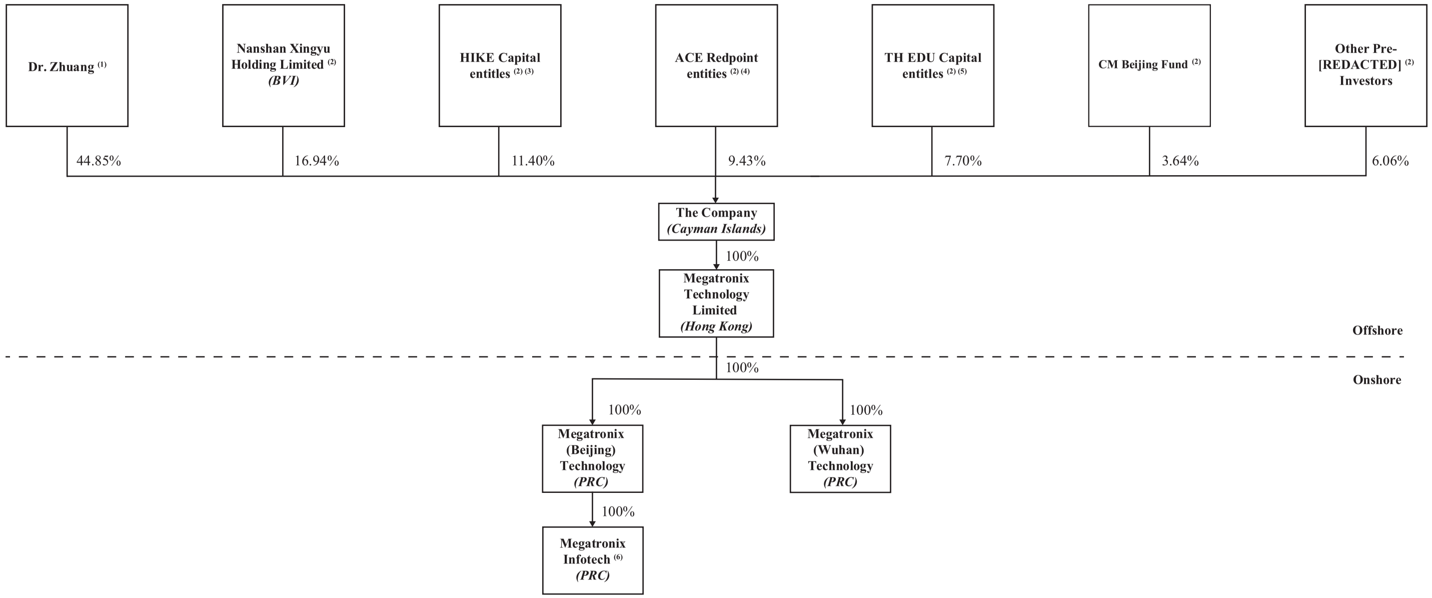
M&A Rules

The M&A Rules and MOFCOM require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with provisions under relevant laws and regulations and industry policies regarding foreign investment. The M&A Rules, among others, further require that an offshore special vehicle, or a SPV formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

As advised by our PRC Legal Adviser, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC or MOFCOM approval for the **[REDACTED]** is not required under the M&A Rules.

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately prior to the **[REDACTED]**, assuming that no new Shares are issued under the Pre-**[REDACTED]** Option Plan, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**:



Notes:

(1) Dr. Zhuang, through her family trust and controlled entities, is able to control the exercise of the voting rights representing approximately 44.85% of the issued Shares of the Company. For details, see note 3 in "—Capitalization" above for details.

(2) Please refer to "—Pre-**[REDACTED]** Investments" in this section for the background of the relevant Pre-**[REDACTED]** Investors.

(3) HIKE Capital entities include HIKE Capital L.P. and HIKE Capital III L.P.

(4) ACE Redpoint entities include ACE Redpoint Ventures China I, L.P., ACE Redpoint Associates China I, L.P., ACE Redpoint China Strategic I, L.P., ACE Redpoint Opportunity China, L.P. and ACE Redpoint Opportunity Associates China, L.P.

(5) TH EDU Capital entities include Suzhou Muhua Equity Investment Partnership (Limited), TH EDU Capital Fund I LP and Anhui Muhua I Equity Investment Partnership (Limited Partnership).

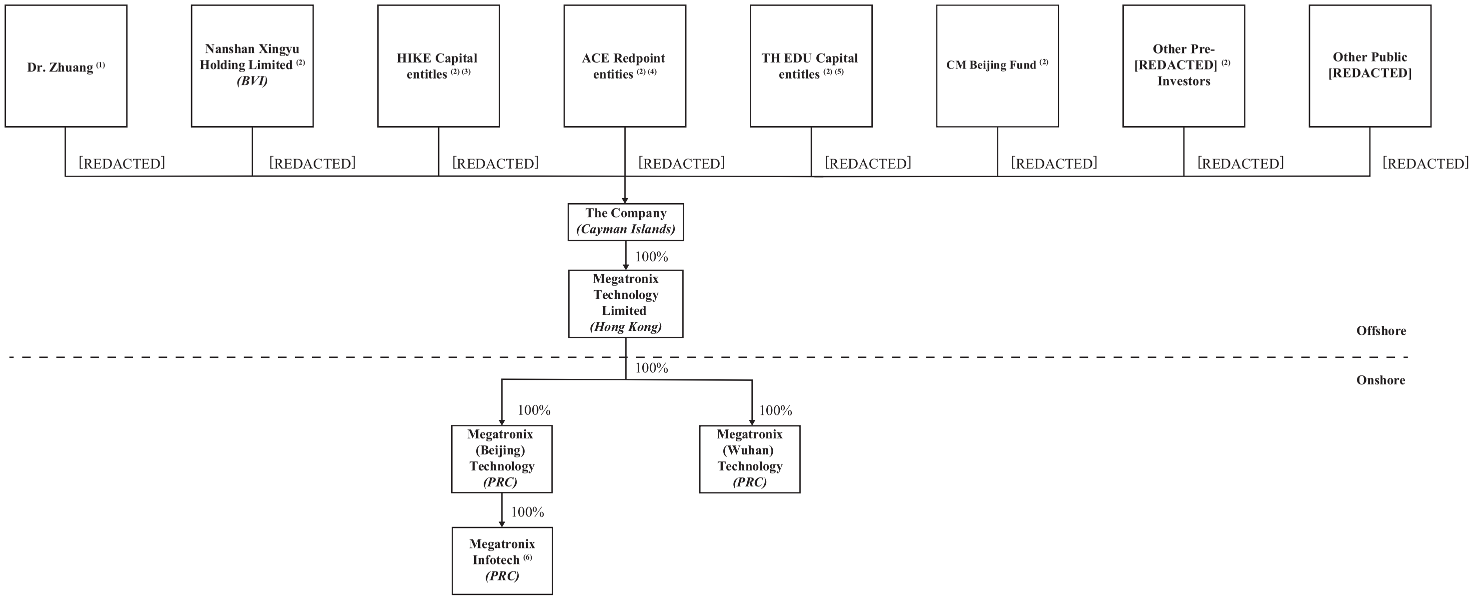
(6) During the early phase of the establishment of the Group, to allow for more flexibility in potential business development, including certain business subject to PRC restrictions on foreign ownership, Mr. Zhu Zhengqiang (朱正强) established Megatronix Infotech on behalf of Dr. Zhuang, and a series of contractual arrangements were entered into in August 2018 (and subsequently amended in January 2019) among Megatronix (Beijing) Technology, Megatronix Infotech and Mr. Zhu Zhengqiang, as the then legal registered shareholder of Megatronix Infotech (the "**Contractual Arrangements**"). Pursuant to such Contractual Arrangements, Megatronix (Beijing) Technology gained control over the operation of, and enjoyed the economic benefits from, Megatronix Infotech.

Since Megatronix Infotech did not develop its business as originally intended, and to streamline our business operation to be compatible with our long-term strategies, the Group decided to unwind the relevant Contractual Arrangements. On June 6, 2025, Zhu Zhengqiang transferred all of equity interests he held in Megatronix Infotech to Megatronix (Beijing) Technology, at a consideration of RMB3.14 million, which was determined based on the then paid-in capital of Megatronix Infotech, and the series of agreements with respect to the Contractual Arrangements were terminated on the same date. As such, Megatronix Infotech became an indirectly wholly-owned subsidiary of the Company since June 6, 2025.

During the Track Record Period, the revenue contribution by Megatronix Infotech was insignificant, which accounted for only approximately 0.02% of our total revenue recorded during the entire Track Record Period. We are of the view that such termination of the Contractual Arrangements has no material adverse impact on our business operations or overall financial performance of the Group. As of the Latest Practicable Date, we were not aware of any potential or actual litigation, claims or other disputes that would arise from termination of the Contractual Arrangements or any material non-compliance incidents of Megatronix Infotech during the Track Record Period and immediately prior to the termination of the Contractual Arrangements.

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately following the completing of the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**:



Notes (1) to (6): See the details contained in the preceding pages.

OUR MISSION

To drive automotive innovation—smarter software, faster development, inclusive tech.

OUR VISION

Think with AI, create beyond.

WHO WE ARE

We are a leading, innovation-driven automotive technology company, committed to redefining the future of mobility. We focus on developing and delivering AI-powered integrated domain control solutions that enable automakers to build the next generation of software-defined vehicles.

We started with a simple, yet powerful belief: AI has the power to reshape the world—but only if it finds the right place to land. Long before AI became a buzzword it is today, we were focused on a more challenging question: where could AI truly deliver on its promise? Where could it not just exist, but thrive—both technically and commercially, and at scale?

We found that answer in the automotive industry. Despite its legacy and complexity, we saw the car—especially the cockpit—as the perfect space for intelligent transformation. Vehicles are not just machines; they are deeply woven into people's daily life. They are highly interactive, increasingly expected to be responsive and connected. In this context, AI does not just make sense—it is essential.

We built Megatronix to bring this vision to life. Today, we specialize in AI-powered integrated domain control solutions that transform the way OEMs deliver next-generation vehicles, making mobility smarter, safer, and more intuitive. While our current focus is on automotive, the technologies and expertise we are developing—modular software architecture, seamless integration of intelligent features within hardware, and more—are designed to not only incrementally upgrade yesterday's car, but also build the foundation for tomorrow's intelligent mobility—and beyond.

In tackling the challenges of the automotive industry, we confronted one of its toughest and most persistent obstacles: the Feature-Performance-Cost (FPC) Trilemma—the challenge of simultaneously achieving advanced feature integration, high system performance, and cost efficiency, where improving one element often means compromising another. For decades, the FPC Trilemma has been a fundamental obstacle to the progress in developing the next generation of intelligent connected vehicles.

We believe we have successfully tackled this long-standing trilemma and turned it into an opportunity. Our proprietary solutions seamlessly blend advanced features, high system performance, and cost efficiency—all without compromise—enabling automakers to cost-effectively transform smart cockpit from concept to reality.

The key lies in our unparalleled R&D efficiency. While many industry players pursue innovation by simply expanding headcount or increasing spending, we have cultivated an organizational DNA built on efficiency, agility, and deep technical expertise. Our engineers bridge automotive and computer science to harness the power of cutting-edge technologies such as AI to accelerate every stage of the development cycles—often achieving speeds several times faster than the industry average with leaner teams. This gives us the ability to deliver state-of-the-art solutions to OEMs, helping them get to market faster, at lower cost, and with the quality that meets—and often exceeds—the expectations of today's consumers.

We believe our success is also built on two key pillars:

- *First, our Smart Cockpit + X product philosophy*. We start with a high-performance smart cockpit at the core and then seamlessly integrate a growing suite of intelligent features tailored for intelligent connected vehicles. From our AI-powered voice assistant, driver and occupant monitoring systems

(DMS/OMS) to advanced driver assistance systems (ADAS)-parking, ADAS-driving telematics, Over-the-Air (OTA) update and even features yet to be imagined—every module is engineered for seamless plug-and-play integration with our solutions, ensuring consistent quality, rapid customization, and scalable deployment across multiple OEMs and vehicle models.

- *Second, our modular, reusable software architecture*. We have built our architecture around modular, reusable "building blocks"—software components that have been rigorously tested and optimized for real-world performance. Instead of reinventing the wheel for every design-win, we draw from a library of pre-developed modules, from operating systems and AI applications to connectivity features, all designed for seamless integration with OEMs' vehicle models. This means faster time-to-market, lower development costs, and more opportunities for OEMs to differentiate their vehicles.

We have experienced strong growth since 2022 when the first vehicle equipped with our solutions reached mass-production. As of the Latest Practicable Date, our solutions have been deployed across a wide range of vehicles from leading OEMs, including Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. In 2024, our solutions powered one in approximately every ten new vehicles in China equipped with a smart cockpit domain control system—a testament to the trust OEMs place in us and our solutions' proven quality and scalability.

And we are just getting started. Building on this momentum, we are expanding both our domestic market share and our global footprint. Backed by our strong technology, robust product capabilities, and proven track record in China, we are partnering with international OEMs to bring our solutions to new markets worldwide. By the end of 2025, we expect to see our technology deployed in more than 40 countries and regions. This rapid expansion not only highlights the universal power of our approach to the FPC Trilemma but also reinforces our position as a trusted partner to OEMs building the next generation of software-defined vehicles for tomorrow.

A Market in Transformation—and Our Opportunities

Integrated domain control solutions are increasingly shaping the future of both new energy vehicles and traditional internal combustion engine vehicles.

This momentum reflects a broader shift in the automotive industry, as OEMs respond to consumer demand for seamless connectivity, personalized in-cabin experiences enabled by advanced human-machine interface, and a smarter, more intuitive driving experience. Smart cockpits increasingly function as the digital nerve center of the vehicle, orchestrating entertainment, connectivity, and safety features that define the next-generation driving experience. This transformation is part of a broader industry trend toward the integration of control domains that were once developed and managed separately—such as smart cockpit, ADAS-parking, ADAS-driving, telematics, OTA update, and more—into a unified, software-defined architecture. By bringing these systems together, automakers can improve overall system performance and enable more seamless, intelligent user experiences, including context-aware safety functions and personalized comfort features. Both global and China markets of integrated domain control solutions industry have and are expected to continuously experience robust growth.

- ***Global***. In terms of the number of new vehicles equipped with integrated domain control solutions, global market size reached around 11.3 million units in 2024 and is projected to reach 43.3 million units in 2029. In terms of revenue, the global market size of the integrated domain control solutions reached around RMB 37.9 billion in 2024 and is projected to reach RMB 274.2 billion in 2029, representing a CAGR of 43.8% from 2025 onward.

- ***In China***. Around 6.8 million new vehicles were equipped with integrated domain control solutions in 2024. By 2029, this figure is expected to further expand to 22.3 million units. Market size in terms of revenue of the China integrated domain control solutions reached around RMB 21.5 billion in 2024 and is projected to reach RMB 134.7 billion in 2029, representing a CAGR of 41.3% from 2025 onward.

Despite the strong demand, many OEMs continue to face the challenge of balancing feature, performance, and cost—the FPC Trilemma. We are uniquely positioned to help them overcome this. With deep expertise in proprietary modular design software architecture, we deliver customized, feature-rich, value-for-money solutions that enable OEMs to differentiate their vehicles and respond quickly to evolving consumer expectations. Our leadership in China's integrated domain control solutions industry, combined with our proven technology and strong OEM partnerships, positions us to capture significant market share in China and Globally as the demand continue to accelerate.

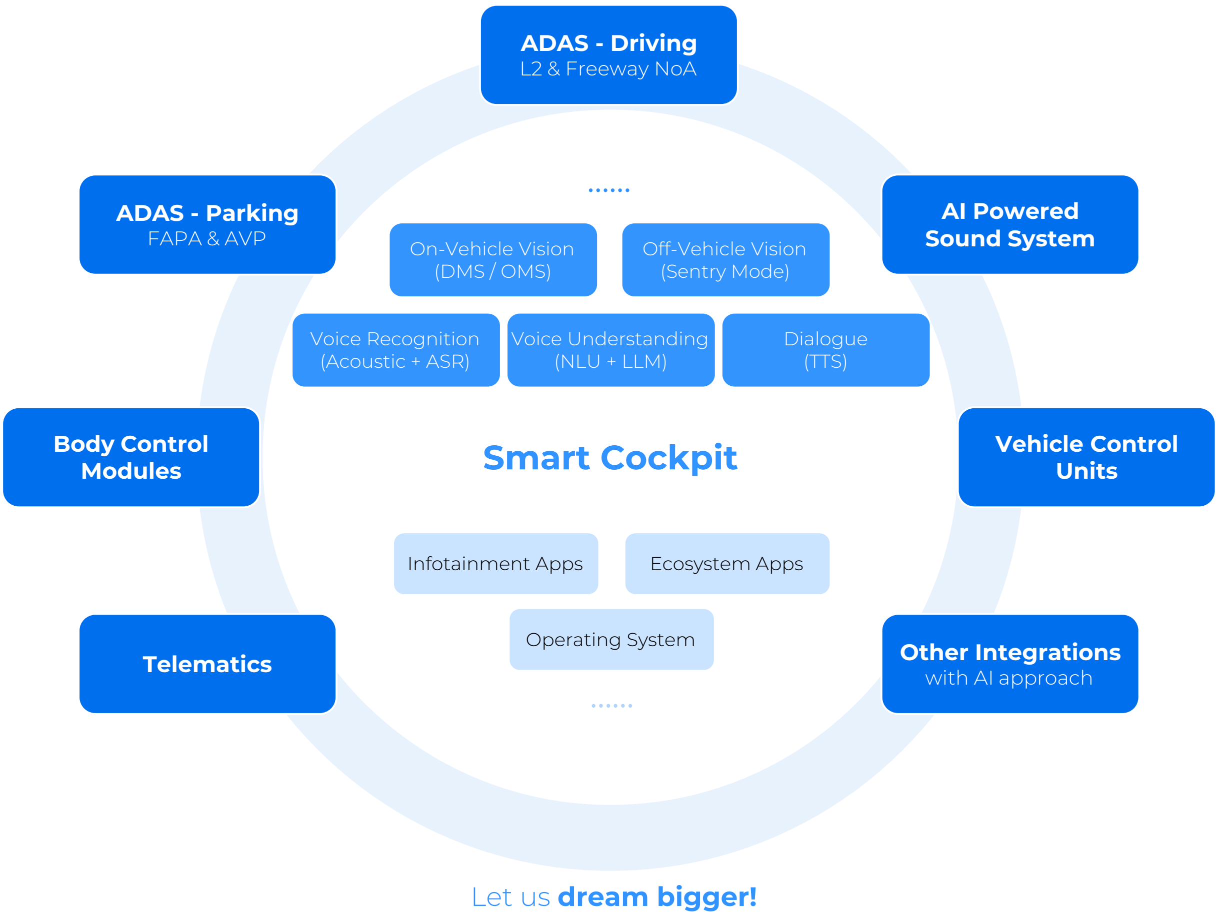
Beyond the Cockpit: Building the Smart Cockpit + X

At Megatronix, efficiency is not just a goal—it is woven into our DNA. We believe that to lead in a world of software-defined vehicles, technology has to move faster, adapt smarter, and integrate seamlessly with evolving OEM needs. That is why we have reimagined the way automotive software is developed—infusing AI and modular frameworks into every stage of our workflow.

Central to this transformation is our deep integration of AI, which forms the backbone of our R&D process. Much of our software is created using proprietary AI tools that we have developed in-house, and our automated testing and digital management technologies have improved our test efficiency by approximately tenfold. This commitment to AI-driven development fuels our ability to bring new features and functionalities to market at an accelerated pace—giving our OEM customers the agility to stay ahead in a hyper-competitive landscape. These tools empower our engineers to automate and accelerate the processes of design, development, testing, validation, and optimization—far exceeding the speed of traditional development cycles, and enable our teams to focus on technological innovation and solving complex engineering challenges.

This modular, AI-driven R&D approach not only accelerates development; it fundamentally redefines our product philosophy. At the core of this vision is a bold ambition: to transform the driving experience from a collection of isolated features into a seamlessly integrated, intelligent ecosystem—embodied in our *Smart Cockpit + X* concept.

The diagram below illustrates how our smart cockpit sits at the center of a deeply integrated architecture that brings together intelligent interaction, vehicle control, and cross-domain functionalities—connecting perception, dialogue, and decision-making to enable a superior experience.



The Core: Smart Cockpit

Our **smart cockpit** serves as the digital brain of the vehicle, seamlessly integrating software and hardware to deliver a powerful, intuitive experience. It brings together a wide range of AI-powered capabilities, including on-vehicle vision features (such as DMS/OMS), off-vehicle vision features (e.g., sentry mode), acoustic automatic speech recognition (ASR), and advanced voice understanding powered by natural language understanding (NLU) and large language models (LLM).

The "X" Modules: Elevating Intelligence Across Domains

Surrounding the smart cockpit core is our broad and expanding portfolio of "X" modules, each purpose-built to enhance safety, comfort, and user engagement:

- *ADAS – driving*. Offers features such as Level 2+ NoA to enhance driving experience and improve safety;
- *ADAS - parking*. Automates and simplifies the parking process, making it safer, faster, and more convenient for drivers;
- *AI-powered sound system*. Delivers immersive 3D audio experiences and optimized experience to users, without the need of luxury audio equipment;
- *Body control module (BCM)*. Coordinates lighting, door controls, rain wiper and other body-related features;
- *Vehicle control unit (VCU)*. Coordinates safety functions, such as gear shifting, torque distribution, and braking control—to ensure optimal vehicle performance and passenger safety;
- *Telematics*. Delivers seamless connectivity and remote diagnostics, ensuring vehicles stay updated and optimized; and
- *Other Integrations*. Integrates our algorithm into existing sensors (i.e. cameras) to intelligently detect environment conditions without the need of extra sensors.

Beyond "X": A Future-Ready Framework

What truly differentiates our approach is its future-proof architecture—engineered to support continuous innovation. From next-generation connectivity and immersive in-cabin entertainment to autonomous driving capabilities and yet-to-be-invented features, our solution is designed to integrate seamlessly with emerging technologies as OEMs push the boundaries of what's possible. This modular, AI-powered foundation empowers us—and our customers—to adapt quickly to market shifts and consumer expectations, ensuring we stay ahead of the curve in an industry where innovation is the key to sustainable growth.

Our Strong Partnerships with Leading OEMs

China's automotive industry has grown rapidly and now stands as a major player on the global stage. As the industry has evolved, our customer base has expanded from domestic OEMs to include joint ventures and leading international automakers. By the end of 2024, we were collaborating with a diverse group of OEMs from China, East Asia, and the United States. Our current customers include some of the industry's most respected names, such as Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. Many of the models equipped with our solutions have become top sellers in their respective segments, and we are proud to help accelerate their transition toward smarter, software-defined vehicles.

We have built strong, lasting relationships with our customers by supporting them through every stage of the vehicle lifecycle—from initial concept and design through R&D, production, and market launch to ongoing after-sales services. During the R&D phase, we collaborate closely with OEMs to integrate our solutions into their platforms, providing end-to-end support, including software-hardware design, technical consulting, and prototype testing. As vehicles enter production, we fine-tune system integration, perform validation testing, and ensure a smooth transition to mass production. Once vehicles are on the road, our partnership continues through over-the-air software updates and feature enhancements that keep vehicles at the forefront of performance and innovation.

Our solution has gained growing penetration over the years. This is evidenced by an increase of our wallet share—measured by our combined share of OEMs' total number of vehicles incorporating our solutions—with our top five customers increased from 1.2% in 2022 to 12.7% in 2024. We saw even more significant growth in our wallet share—measured by our combined share of their number of vehicles with domain control solutions—from 8.8% to 44.1% over the same period. As our customers continue to integrate our solutions into their next-generation vehicles, we expect these partnerships to deepen even further, driving higher repurchase rates and reinforcing our role as a trusted, strategic technology partner.

What We Have Achieved

We have achieved rapid and sustained growth in both revenue and gross profit in recent years, driven by our strong commitment to technological innovation and deep long-term customer relationships. From 2022 to 2024, our revenue grew from RMB387.8 million to RMB1,419.7 million, representing a CAGR of 91.3%, while our gross margin increased from 19.0% in 2022 to 21.8% in 2024.

Below are key highlights of our recent achievements:

	As of / for the year ended December 31,		
	2022	2023	2024
Number of OEM customers(1)	7	10	12
Cumulative number of design-wins(2)	15	26	48
New design-wins(2)	8	11	23
Delivery volume(3)	120,106	637,980	634,337

Notes:

(1) The number of "OEM customers" for a given period refers to the number of OEMs that have purchased our solutions and, in the event an OEM purchases our solutions through one or more designated Tier-1 suppliers, such OEM, during that period.

(2) A "design-win" occurs when an OEM—or its designated Tier-1 supplier—selects our solution for integration into the design and development of a new vehicle model. Once selected, the solution typically undergoes a comprehensive validation process, including testing for performance, safety, and quality, before entering mass production. The "cumulative number of design-wins" as of a given date refers to the total number of design-wins we have secured since our inception through that date, excluding any that were later canceled or discontinued.

(3) "Delivery volume" for a given period represents the number of integrated smart domain controllers—embedded with our solutions—that were delivered to OEMs during that period for integration into mass-production vehicles

In 2024, our delivery volume declined slightly compared to 2023, primarily due to the one-time impact from our strategic decision to discontinue relationship with the "Early OEM End-customer"—where we supplied basic domain controllers, as opposed to our integrated smart domain control solutions—that we determined was no longer aligned with our long-term development objectives. For more information about this "Early OEM End-customer," see "—Our Customers— Major Customers—The Early OEM End-customer." Although this decision had a one-time impact on our delivery volume and revenue, it was part of our broader strategy to redirect resources toward more technically advanced customer engagement and design-wins that are better aligned with our long-term strategies. This proactive shift has quickly generated positive results, as evidenced by an increase of our gross profit margin from 12.1% in 2023 to 21.8% in 2024.

For the above reasons, we believe that excluding the contributions from such discontinued relationship better reflects the trajectory of businesses that align with our long-term development goals and provides more meaningful insights into our future business and financial performance. Excluding the contributions from such discontinued relationship, our delivery volume would have been 38,421, 236,033 and 609,983 in 2022, 2023 and 2024, respectively, and our revenue would have been RMB146 million, RMB628 million and RMB1,359 million, respectively, for the same years.

OUR STRENGTHS

Market Leader in Smart Vehicle Solutions

We are a market leader in smart vehicle solutions, delivering next-generation, software-driven *Smart Cockpit + X* solutions that redefine the driving experience. Our integrated solutions bring premium-level features—once exclusive to luxury models—into the mass-market vehicles, breaking technological barriers for OEMs and reshaping the landscape of smart cockpit and driving technology.

As a pioneer in software-defined smart vehicle solutions, we leverage our expertise in computer science and automobile engineering to build scalable, high-efficiency vehicle control platforms.

According to Frost & Sullivan:

- We are ***among the first*** in China's intelligent vehicle industry to develop fully standardized, modular, software-driven integrated domain control solutions enabling OEMs to efficiently build advanced automotive intelligence from scratch;
- We are ***one of the few*** third-party providers in China's intelligent vehicle industry with deep expertise in both AI algorithm design and integrated domain control solutions development.
- In 2024, we became the ***first*** third-party provider to achieve mass production of an integrated *Smart Cockpit + Parking* solution powered by a single automotive-grade main control chip.
- We are ***one of only two*** third-party providers to offer a full-scenario smart voice system integrated within our smart cockpit solutions, achieving the highest industry voice recognition rate of 99%.

Our technological leadership makes us a go-to partner for OEMs, solving their most pressing challenges with innovative, scalable solutions that deliver speed, cost efficiency, and top-tier performance. Our relentless focus on innovation has propelled us to the forefront of China's smart vehicle solutions market. In each of 2023 and 2024, we were among the top two Chinese providers of integrated domain control solutions, measured by newly installed volume, according to Frost & Sullivan. In the same years, we ranked top two in installed volume of domain control solutions with mid-to-high computing power SoCs, according to the same source. We achieved the fastest pace in China's integrated domain control solutions industry to reach one million cumulative delivery since mass production, according to the same source.

With a proven track record of industry firsts and consistent market leadership, we are uniquely positioned to help OEMs navigate the complexities of software-defined vehicles, delivering innovation, efficiency, and scalability that drive success in the next era of mobility.

Dual Reinforcing Loops Driving Continuous Innovations

As the smart vehicle industry becomes increasingly software-defined, both OEMs and upstream chip suppliers face growing challenges in system complexity, chip-vehicle integration, and software-hardware compatibility. To this end, we operate within a dual reinforcing loop that connects the two major groups of industry players—OEMs and suppliers. This two-way dynamic enables us to transform complex hardware capabilities into production-ready solutions that are scalable, reliable, and cost-effective.

For chip suppliers, we bring in advanced semiconductor technologies unlocking their full potential through system-level software integration. We work closely with them to address compatibility challenges, accelerate chip adaptation, and translate chip-level innovation into deployable features. Our long-term collaboration with Qualcomm exemplifies this approach—we support the entire lifecycle from early design adaptation to production rollout. In the Dongfeng eπ 008 design-win, for example, we used a single SA8155 chip to deliver our *Smart Cockpit + Parking* solution that can simultaneously support four high-resolution displays, a task that traditionally required multiple chips, demonstrating our ability to fully harness chip performance through optimized architecture and software design.

For OEMs, we gather real-world deployment feedback and evolving functional requirements, which continuously informs our product roadmap. We help OEMs reduce complexity, shorten development cycles, and improve unit economics through modular software architecture and robust fulfillment capabilities. Our solutions are designed to scale across platforms and adapt to different vehicle models. In the Dongfeng Nissan N7 program, our smart cockpit solution—built on the SA8295 chip—achieved the highest ranking among all vehicles using the same chip, according to a widely referenced third-party benchmark. We believe this performance showcases not only our R&D strength, but also the effectiveness of our customer collaboration loop in driving continuous product improvement.

Driving this innovation engine is our top-tier, multidisciplinary R&D team, bringing deep expertise in software, hardware, and automotive systems. Working closely with our sales, fulfillment, and engineering teams, they rapidly translate market needs into scalable, production-ready solutions. Feedback from suppliers and OEMs drives our development of modular, universal software toolkits and testing protocols, empowering engineers to deliver intuitive, reliable solutions that can be seamlessly adapted across vehicle lines. Even after deployment, our solutions evolve continuously. Sales and fulfillment teams stay engaged with OEMs to collect feedback and identify improvement opportunities, ensuring our offerings remain cutting-edge and aligned with real-world needs. We are also supported by our deep collaborations with leading research institutions which ensures we remain at the cutting edge of technology and regulatory advancements. Our collaboration with suppliers and OEMs is set forth in the below chart:

Exceptional Industry Insights and R&D Efficiency

Our innovation is fueled by a modular software design framework that accelerates the development of new solutions. Coupled with AI-driven capabilities, this approach allows us to rapidly research, develop, and deliver high-quality solutions, giving us a powerful first-mover advantage and setting new benchmarks for speed and quality. Additionally, our deep expertise across computer science and automotive engineering also enables us to make informed, strategic decisions about where to deploy our resources. We focus on vehicle models and hardware platforms that not only show strong market potential but also align closely with our software stack—allowing us to move fast, minimize integration costs, and scale efficiently.

Our track record speaks for itself:

- *Modular design accelerates development*. Our AI-enabled modular architecture enables an industry-leading module reuse rate—cutting development cycles for smart cockpit solutions to just 6 to 9 months—significantly less than the industry average of 12 to 15 months, according to Frost & Sullivan.

- *From lab to market—at record-breaking speed*. Our groundbreaking sound-zone isolation technology advanced from academic research to commercial deployment within two months—an industry-leading turnaround that demonstrates our ability to translate innovation into real-world impact with remarkable speed. This achievement not only enhances voice recognition accuracy but also reduces hardware requirements, highlighting our strength in delivering practical, high-value solutions.

- *Best-in-class efficiency with leaner teams*. We have matched—or surpassed—leading players in core functionalities such as voice processing, driver monitoring systems (DMS) and occupant monitoring systems (OMS), all with leaner teams and dramatically shorter ramp-up time. This is not only just incremental progress but a testament to the extraordinary efficiency and agility that set us apart in a market defined by rapid innovation and fierce competition.

Our exceptional R&D efficiency has powered our rapid growth and sustained profitability. We have maintained a strong focus on both growth and profitability. With a lean R&D team of over 600 R&D personnels as of December 31, 2024, we delivered 634,337 units in 2024—achieving R&D efficiency at over three times the industry average, according to Frost & Sullivan. Our RMB1.4 billion revenue in 2024 marks the fastest growth trajectory in history among China's top ten smart cockpit domain control solutions providers with a 91.3% CAGR from 2022 to 2024. Our gross margin nearly doubled from 12.1% in 2023 to 21.8% in 2024.

Trusted Partner of Blue-Chip Customers

We are uniquely positioned to lead the automotive industry's digital transformation, leveraging superior efficiency, technology leadership, and advanced customization capabilities. In just three years since our inception, we have become the go-to partner for China's leading OEMs, securing exclusive or preferred supplier positions with them.

Our wallet share gains reflect this success. Our wallet share—measured by our combined share of their total number of vehicles incorporating our solutions—with our top five customers in 2024 increased from 1.2% in 2022 to 12.7% in 2024. Furthermore, in vehicles equipped with domain control solutions, we saw even more significant growth in our wallet share—measured by our combined share of their number of vehicles with our domain control solutions—from 8.8% to 44.1% in our top five customers over the same period. These gains highlight not just our rapid expansion but the growing trust OEMs place in us to power their most critical vehicle lines.

We have built this confidence by consistently delivering on milestone design-wins that combine technical complexity with accelerated development cycles. For example, Changan Deepal—one of China's leading automakers—chose us to support the launch of Deepal SL03, its first smart cockpit-equipped vehicle line. This design-win marked an industry first by deploying Qualcomm's SA8155 chip in a mass-market model and integrating a HUD control unit into the cockpit, reducing system costs and accelerating rollout. Deepal SL03 became one of China's best-selling car models equipped with smart cockpit in 2023. Building on this success, we have expanded our partnership with Changan Deepal to supply additional car models, such as the SL03 overseas version, L07, S7, and S07. We have also significantly advanced our relationship with Dongfeng Nissan, where we were selected as the exclusive smart cockpit solution provider for N7—their flagship NEV model. By delivering a comprehensive smart cockpit solution, we laid the foundation for Dongfeng Nissan's digital transformation.

This track record of success is more than just case studies, but reflects the momentum we are driving in the smart vehicle revolution. We continue to deepen partnerships with top-tier OEMs, expand into the joint-venture space, and lead the global industry shift to smart vehicles. With every milestone and design-win, our momentum strengthens, further solidifying our leadership in this dynamic industry.

Strong Engineering Culture Championed by Visionary Leadership

At the core of our success is a deep-rooted engineering culture shaped by four key attributes: **judgment**, **communication**, **execution**, and **innovation**. We prioritize sharp, clear judgment—the ability to cut through complexity and address technical, operational, and organizational challenges with clarity and confidence. We believe that great teams communicate with precision and respect, using structured, purposeful language to move quickly and align deeply. We emphasize unwavering execution, valuing outcomes delivered with speed, rigor, and accountability. At the foundation of it, all is innovation—not simply building what's new, but solving hard, real problems with solutions that can scale, endure, and have strong impact.

Driving this culture is our powerhouse R&D team of over 600 personnels, guided by seasoned technical leaders with an average of more than 15 years' experience in the industry, many of whom bring backgrounds from top global technology and automotive companies. Our collective expertise spans across speech algorithms, autonomous driving, foundational software, middleware, hardware design, and automated testing—enabling the delivery of integrated, high-performance solutions that consistently exceed industry benchmarks. This engineering excellence is tightly connected to our sales and fulfillment functions, led by automotive veterans averaging over 18 years of experience, ensuring that innovation reaches customers faster, more efficiently, and with exceptional quality.

Our strong engineering culture has been championed by a leadership team that combines deep industry insight with a bold vision for the future. At the helm is our founder and CEO, Dr. Zhuang, whose outstanding academic credentials and industry experience uniquely position her to drive innovation and growth. She earned her Ph.D. in Computer Science from UC Berkeley, and bachelor's and master's degrees from Tsinghua University—two of the world's leading institutions. Before founding our company, Dr. Zhuang held senior roles at world-leading technology firms. She was a senior researcher at Microsoft Research and served as a senior executive responsible for technology development at Yahoo!, Cheetah Mobile, and NIO. At NIO, she led the development of the smart cockpit and software platform, pioneering innovations that helped define next-generation automotive experiences.

Dr. Zhuang's leadership and achievements have earned her widespread recognition, including being named a winner of *2025 MotorTrend Software-Defined Vehicle Innovator Awards*, one of *2024 Forbes China's Leaders in Technology and Innovation*, and one of *2023 Fortune's Most Powerful Women in China*. Under Dr. Zhuang's visionary leadership, our company continues to push the boundaries in automotive technology, driving both technical excellence and strategic growth.

OUR STRATEGIES

We are committed to sustainable, long-term growth by executing targeted strategies that capitalize on industry trends, strengthen customer relationships, and expand our global presence:

Keep Pushing the Boundaries of Innovation

OEM demands are rapidly evolving as the automotive industry transitions to intelligent, connected, and software-defined vehicles. To stay at the forefront of this shift, we are executing a targeted and agile R&D strategy:

- *Deepening AI integration*. We fully embed AI capabilities across every stage of design, validation, and deployment. By leveraging advanced open-source models and automated code generation, we are enhancing key features such as voice interaction, driver monitoring, and predictive maintenance. This deeper AI integration will empower our OEM customers to design and manufacture next-generation smart vehicles, which not only meet but anticipate consumers' ever-evolving demands with innovative features. This integration will also significantly boost our R&D efficiency, and faster innovation with more streamlined development cycles across both product creation and deployment.

- *Expanding proprietary toolkit*. Our proprietary toolkit streamlines development and integration process. By utilizing reusable modules, we significantly reduce engineering costs, shorten development cycles, and automate testing processes. We are dedicated to ongoing investment in advanced toolkits, further advancing workflow automation and improving cross-platform compatibility. This enables OEMs to bring new vehicle models to market faster and more cost-effectively, driving greater operational efficiency.

- *Optimizing computing efficiency*. As in-vehicle computing becomes increasingly complex, we are focused on bridging the critical gap between chip performance and real-world vehicle functionality. This "last mile" involves translating raw chip capabilities into seamless, user-facing features that integrate smoothly with the vehicle's broader systems. We maintain strong collaborations with chipmakers to continuously optimize our software stack and enable a single automotive-grade chip to power more feature-rich AI-powered software, ensuring that our solutions remain at the forefront of automotive innovation and provide a superior user experience across all platforms.

- *Investing in top talents*. We are committed to continuously investing in top-tier talent across AI, software, and system integration to bolster our R&D efforts and drive innovation. The talent we seek goes beyond technical qualifications such as educational background and work experience; we also value personal traits including judgment, curiosity, creativity, and effective communication. We look for individuals who not only excel at problem-solving but can also ask the right questions, think creatively, and identify new opportunities.

Growing Our Smart Cockpit + X Portfolio

We are driving the growth of our *Smart Cockpit + X* concept—transforming the cockpit into a central hub for intelligent vehicle features. Through the integration of additional software-driven modules, we not only enhance the user experience but also enable OEMs to streamline design processes and reduce costs:

- *Advancing autonomous driving*. Building on our leadership in smart cockpit and parking technologies, we are at the forefront of pioneering integrated *Smart Cockpit + ADAS* solution, powered by a single automotive-grade main control chip. By consolidating critical functions like smart parking and highway assist into a single chip, we significantly reduce development costs and accelerate time-to-market. Our strong partnerships with domestic OEMs are already driving the deployment of these innovative, cost-effective solutions, positioning us to lead the future of autonomous driving.

- *Expanding innovative features.* We are continuously enhancing our cockpit platform by integrating advanced features from adjacent domains such as Body Control Modules (BCM) and Vehicle Control Units (VCU). Our R&D teams focus on embedding intelligent functions directly into the cockpit, including the development of AI-driven vision algorithms to replace traditional hardware sensors like rain sensors and seat belt monitors. Additionally, we are exploring the integration of standalone modules, such as headlight controllers, into the cockpit system. We plan to continue innovating new features and ways to integrate them more seamlessly. These innovations not only drive cost savings but also streamline vehicle systems, providing OEMs with simplified, more efficient solutions.

Strengthening Existing Ties and Broadening Market Reach

We are dedicated to strengthening relationships with our OEM partners while broadening our reach to new customers in China and globally:

- *Deepening collaboration with existing OEMs*. We have established strong, long-term relationships with leading OEMs such as Chery, Changan, Dongfeng, Changan Mazda, Nissan, and Ford. Moving forward, we aim to further align our development cycles with theirs by engaging early in the design phase to seamlessly integrate our solutions into their vehicle platforms. Leveraging our combined software and hardware expertise, we help OEMs enhance system performance and accelerate time-to-market. Beyond product launches, we provide ongoing support with continuous upgrades that improve features and performance across their vehicle portfolios. Additionally, we collaborate closely with OEM engineering teams during the early stages of vehicle development to co-create technical solutions that align with their strategic objectives.

- *Expanding our customer base through benchmark design-wins*. In addition to strengthening relationships with existing OEMs, we are aggressively broadening our reach with new domestic and international automakers. Our strategy focuses on delivering high-quality benchmark design-wins that clearly demonstrate the real-world value of our solutions. By consistently exceeding customer expectations in performance and reliability, we build trust and secure long-term, repeat business.

Deepening Collaborations with Our Supply Chain Partners

The seamless integration between feature-rich software and complex hardware components is crucial to delivering high-quality integrated domain control solutions at scale. We are committed to strengthening partnerships with key suppliers—such as chipmakers—to ensure a reliable supply chain and minimize production risks, a factor that directly influences OEMs' supplier decisions. By collaborating closely with our suppliers, we can navigate market fluctuations and ensure consistent delivery. In addition, we will strengthen collaboration with our manufacturing partners to optimize production processes and further reduce risks. Beyond procurement, we aim to leverage our expertise in algorithms and smart cockpit production to jointly address technical challenges. We believe these collaborative efforts will enable us to develop more competitive, integrated solutions that meet our customers' evolving needs.

Pursuing Global Expansion

We are strategically driving global expansion to strengthen our position in the automotive industry, accelerate market penetration, and extend our integrated domain control solutions to OEMs worldwide. With our management team's extensive international experience, we understand the expectations of global OEMs and the nuances of regional markets. This cultural fluency allows us to build trust and forge long-term partnerships across diverse geographies. We will also collaborate with global Tier-1 suppliers, leveraging their established relationships with international OEMs to integrate our solutions into their platforms. This approach not only broadens our market access but also enhances our ability to reach a wider range of OEM customers. To further support this growth, we plan to establish local teams in key overseas markets, enabling us to closely align with regional needs, accelerate product development, and tap into global talents.

OUR SOLUTIONS

Our Design Philosophy: Software is Key

We offer OEMs *Smart Cockpit + X* integrated domain control solutions, which combine multiple software-enabled intelligent vehicle functions—smart cockpit, ADAS-parking, ADAS-driving, telematics, OTA update, and more—into a unified physical domain controller for integration into mass-production vehicles.

At the heart of our solution is a seamless fusion of voice, vision, and tactile interfaces, delivering a consistent and intuitive in-vehicle experience across vehicle models. In addition to these core functions, we also embed key capabilities—such as ADAS (smart parking and driving)—directly into our cockpit software-hardware stack, to streamline system architecture, reduce bill-of-materials costs, and accelerate development cycles for OEMs. As customer needs evolve, we empower OEMs to expand functionality or introduce new features by simply updating or adding software modules—without the need for costly and time-consuming hardware changes.

Our design philosophy reflects a fundamental belief: in the era of intelligent connected vehicles, software—not the hardware—ultimately drives innovation, differentiation, and long-term value creation. That is why we have built our solutions on a "vessel and cargo" model. The "vessel" is our standardized modern smart domain controller—a powerful, flexible foundation that supports a broad range of vehicle models. The "cargo" is the modular software that powers the user experience, safety features, and evolving smart vehicle capabilities.

Our "vessel and cargo" model offers a scalable solution that allows us—as well as our customers—to continually add and upgrade features to meet evolving requirements with maximum efficiency. In an industry where speed, adaptability, and reliability are paramount, we believe this is the future of the smart vehicle solutions, and we are ready to lead the way.

Turning Complexity into Simplicity: Our Standardized Modules

Traditionally, OEMs have had to rely on separate domain controllers, operating systems, and software stacks to manage different vehicle functions, resulting in higher costs, longer development cycles, and inconsistent user experiences. In the automotive industry where each vehicle model can differ significantly—even within the same brand—OEMs are often forced to develop, adapt, and validate software for each new configuration. This process is not only time-consuming and costly, but also prone to errors that compromise performance and delay time to market.

We believe standardization is the key to overcome these challenges. We have distilled the common, essential building blocks of smart cockpit functionality—voice control, driver and occupant monitoring, over-the-air updates, and body-control interfaces, as well as smart parking and ADAS functions, into a modular software library we call **SmartMega Cores**. These SmartMega Cores are a collection of software modules that can be assembled and sequenced in different ways to deliver tailored functionalities. Leveraging this modular architecture, we reuse a substantial majority of our codebase across different vehicle models, eliminating the need to reinvent core capabilities every time a new vehicle model is developed. Our ability to enable OEMs to bring new features to market faster and at significantly lower costs is evidenced by the significant decrease in our R&D expenses per "ongoing design-win" — defined as a design-win that is ongoing and not cancelled or discontinued during a year — by 24.4% between 2022 and 2023 and 20.2% between 2023 and 2024. In addition, our AI-powered modular architecture enables an industry-leading module reuse rate—cutting development cycles for smart cockpit solutions to just 6–9 months—significantly less than the industry average of 12-15 months, according to Frost & Sullivan.

We have also taken software-hardware integration to the next level. We have designed an integrated domain control platform that consolidates smart cockpit, ADAS-parking, ADAS-driving and other key functions into one single seamless unit. Because these features share the same "vessel" (i.e. the standardized hardware domain controller), OEMs can reduce component count, avoid the need for separate chips or wiring harnesses for each function, and simplify system integration. Additionally, by optimizing our software stack to share processing power, we can minimize hardware dependencies and maximize functionality on a single controller—streamlining production and boosting cost efficiency.

Our solutions are powered by an AI-accelerated development pipeline that transforms the latest research into scalable, production-ready features. For example, our all-scenario voice dialog system achieves over 99% recognition accuracy. We also implemented a research-based acoustic spatial model that distinguishes voices from different seats, upgrading voice recognition across the cabin in just two months. Our reinforcement learning algorithms also enable rapid multi-language expansion: a team of just six engineers can generally add a new language to our voice dialog system in two months, significantly outpacing the industry average, according to Frost & Sullivan.

Breaking Down Our Solutions—What We Offer Exactly to OEMs

At the core of our offering is a seamlessly integrated solution—a domain controller as the "vessel" which houses our complete software stack. This all-in-one package ensures that OEMs receive a fully configured solution ready to deploy, saving valuable time and resources on integration and validation.

Our software stack is built on two key layers:

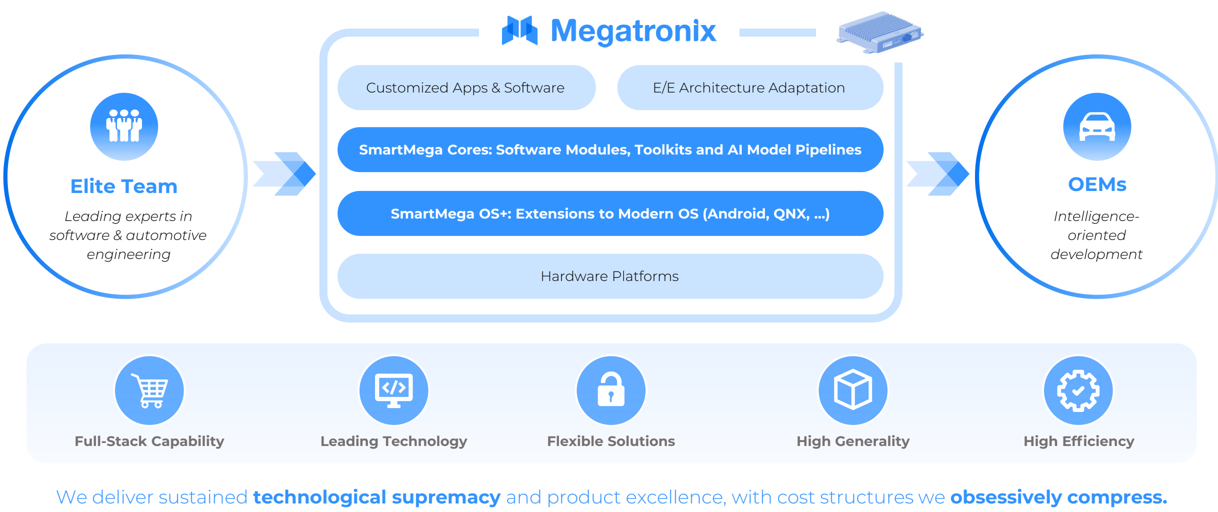
- *SmartMega OS+*. SmartMega OS+ is our automotive-grade, purpose-built operating system. It is built on proven kernels—Android, Linux, QNX, AutoSAR, RTOS—and refined for automotive reliability, security, and real-time performance. SmartMega OS+ connects the software with hardware platform, and optimizes the allocation of the computing power to streamline the operation of the software. By intelligently orchestrating compute and memory resources, it enables each SoC to support a broad range of AI-enabled applications—voice, vision, driver assistance—simultaneously, without compromising stability or performance. By doing so, SmartMega OS+ enables more features per chip, delivered with uncompromising reliability.

- *User-facing software suites*. This is where the magic happens for drivers and passengers. Our AI-powered suite encompasses everything from voice and visual recognition, telematics, ADAS-parking, and ADAS-driving. We designed this layer to be modular and plug-and-play, easily integrating into our SmartMega OS+ platform to achieve various functionalities, without the need to reengineer the foundational architecture. Through intuitive application programming interfaces, or APIs, we connect seamlessly with leading third-party applications, such as Amap and QQ Music, to support navigation, entertainment and everyday in-vehicle functions right from the cockpit.

On the hardware side, we design and develop smart domain controllers that incorporate automotive-qualified SoCs and other critical chips sourced from top-tier suppliers. We define the smart domain controller's hardware layout, enclosure design and system integration to meet strict automotive standards. After rigorous testing and validation processes, we work with contract manufacturers to mass-produce these smart domain controllers and preload them with our software stacks, so integrated smart domain controllers—embedded with our solutions—arrive fully configured and ready to be integrated into OEMs' vehicles.

Our solution is illustrated by the below graph. At the top is the user-facing customized apps and software which are highly adaptable to the E/E architecture. In the middle are the SmartMega Cores, which are standardized software modules that can be assembled into innovative solutions. The next is the SmartMega OS+ that connects software on the top and the hardware platform at the bottom. At the bottom is our hardware platform, which integrates chips from Qualcomm, NXP and ADI and capable of extending to more.

Our R&D team seamlessly integrates software and hardware to deliver OEMs a one-stop cockpit solution—a single domain control solution that is simple to use, easy to scale, and ready to evolve as new features and innovations emerge. The components of our solutions, as well as the value we bring to our customers, are set forth in the below chart:



How We Deliver Solutions to OEMs—and Generate Revenue

We provide OEMs with a flexible portfolio of options—from individual in-vehicle voice and visual features to fully integrated solutions that encompass body control, smart parking, driving, telematics and OTA capabilities. We primarily operate under a contract manufacturing model, where every configuration we deliver comes preloaded on a smart domain controller, complete with our comprehensive suite of algorithms. Each unit is optimized for the specific chipsets selected by the customer, ensuring seamless integration into any hardware architecture. This flexibility enables our customers to select and combine features that best align with their brand positioning, target demographics, and budget requirements. To a lesser extent, we also operate under a OEM-affiliated manufacturer model, where we supply our software and select high-value components directly to the manufacturer affiliated with the OEM who completes final assembly and delivery. See "Production —Our Production Model" for details.

We derive revenue primarily from sales of our integrated domain control solutions—including *Smart Cockpit + Parking*, *Smart Cockpit + Telematics*, and *Smart Cockpit + ADAS* solutions—calculated based on the number of integrated domain control solutions delivered to customers. Our revenue is closely tied to the volume of smart domain controllers embedded with our integrated solutions which typically corresponds with the number of OEMs and their vehicle production volume. As a result, as we expand our collaborations with leading OEMs—both domestically and internationally—we expect our revenue to grow alongside the increasing adoption of our solutions. In addition, as more OEMs adopt our solutions, we believe we are well-positioned to capture additional revenue opportunities from software licensing and ongoing support and services. For more details of our key operating data during the Track Record Period, see "—Key Operating Data."

We believe our design-win pipeline is also a key indicator of our ability to secure future revenue growth. A design-win refers to the event in which an OEM selects our solutions for integration into the design and development of a new vehicle model. After securing a design-win, our solutions typically undergo extensive testing and validation to ensure that it meets the OEM's performance, safety, and quality standards before moving to mass production. We secured a cumulative total of 15, 26 and 48 design-wins as of December 31, 2022, 2023 and 2024, respectively. See "—Key Operating Data."

Deep Dive: Our Smart Cockpit + X Solutions

Our *Smart Cockpit + X* solutions encompass functions from voice interaction, vision recognition, body control module and vehicle control unit, ADAS-parking, ADAS-driving, telematics, OTA update, and more. Our portfolio is highly scalable, and we continue to expand its capabilities to meet the evolving demands of intelligent vehicles.

Voice Interaction

Our proprietary, full-stack AI-powered software delivers comprehensive voice interaction capabilities, encompassing voice recognition, understanding, and natural dialog. Our solutions enable users to access a wide range of in-car functions simply by speaking, whether it is navigating, selecting music or broadcasts, adjusting climate and seat settings, or casually chatting with the AI voice assistant. Because our voice features are fully integrated with OTA updates, each new release automatically expands supported voice functions, continually increasing real-world use cases. Built to fully integrate with the architecture of chips, our voice interaction feature delivers rich, AI-driven dialog with minimal memory footprint. Our voice interaction software suite is set forth in the below chart:

Our voice interaction software has three layers:

Voice Recognition

Our front-end acoustic algorithm reduces engine and road noise and minimizes effect of in-vehicle echo, ensuring clear voice capture even in noisy urban environments or on the highway. Additionally, we develop an innovative speaker-identification algorithm that distinguishes between the driver, front passenger, and rear-seat occupants enabling the system to respond only to authorized users' commands while ignoring casual conversation from others. Unlike traditional designs that require four microphones per seat for identification, our sound source localization software achieves the same level of accuracy with just one microphone per seat—significantly reducing hardware costs on each vehicle equipped with our software. In addition, our real-time context aware speech recognition and acoustic automatic speech recognition (ASR) algorithms enhance the system's ability to interpret tone, context, and intent, allowing it to more accurately capture what users are saying. This combination of technologies delivers industry-leading recognition rates, fast recognition time, robust performance, all while requiring only relatively low vehicle acoustic environment setup.

Voice Understanding

Once the system captures a voice input, our proprietary voice-processing engine categorizes it into one of two groups: (i) vehicle-control requests, such as adjusting the air conditioner, navigating to a destination, or controlling media playback; these requests are processed entirely on-device, ensuring rapid, reliable responses even in offline or low-connectivity scenarios; and (ii) conversational or "daily chat" requests, i.e. more general or casual interactions; these inputs are seamlessly routed to third-party large-language models ("LLM") or natural language understanding ("NLU") models to deliver a natural conversational experience. This hybrid approach allows us to prioritize critical vehicle functions locally while enhancing the overall user experience through advanced language capabilities.

Dialog

Our AI voice assistant engages in fluent, human-like conversations with passengers. It supports multiple languages—such as English, German and Thai as well as regional dialects like Sichuanese and Cantonese. Our dialog system is also systematically scalable—a team of just six engineers can generally add a new language to our voice dialog system in two months, significantly outpacing the industry average, according to Frost & Sullivan. Our customized text-to-speech solution further refines the AI assistant's voice to make its tone and pronunciation feel remarkably fluent and natural. Moreover, our optimized algorithms take significantly less memory and lower CPU usage compared to the industry average, achieving superior efficiency, stability and responsiveness.

Vision Recognition

Our comprehensive vision recognition suite enhances comfort and security within and outside the vehicle through advanced AI algorithms and integrated sensor technology.

On-vehicle Vision Recognition

Our face ID algorithm accurately and quickly identifies vehicle occupants, forming the core of our driver monitoring system (DMS) and occupant monitoring system (OMS). The DMS continuously observes driver behavior and issues alerts when it detects distraction or drowsiness. Our OMS continuously monitors child safety and automatically adjusts the entertainment volume based on passenger behavior—for example, lowering audio when a passenger is asleep or taking a phone call. In addition, our gesture recognition technology enables users to control specific in-car functions with simple hand gestures, such as mute, stop and continue music playing.

Overall, our system achieves a high face recognition rate with nearly zero false positives. It operates at high speed while consuming minimal computing and memory resources, ensuring efficient and reliable performance in all conditions.

Off-vehicle Vision Recognition

Our off-vehicle vision recognition delivers key functions that enhance security and convenience. For example, our sentry mode continuously monitors the area around a parked vehicle and records video footage when suspicious activity is detected. Traditional sentry systems consume substantial memory due to continuous recording. Leveraging our key frame detection algorithm, our system only starts recording when it detects people nearby, significantly reducing memory requirements. Our sentry mode solution captures nearly all relevant events, while maintaining a high recall rate and low false trigger rate.

Body Control Module and Vehicle Control Unit

Traditionally, for vehicle functions—such as doors, seats, lighting, air conditioning, and other in-vehicle controls—have been managed separately across the smart cockpit and vehicle body domains. Likewise, safety-critical functions and smart cockpit system are also typically managed separately. This fragmented approach often leads to long latency, low stability and increased R&D and manufacturing costs.

We solve this problem by integrating our body control module (BCM) with our smart cockpit solution, all powered by one single automotive-grade chip. BCM coordinates lighting, door controls, rain wiper and other body-related features by unifying control, we eliminate unnecessary processors and interfaces while preserving full performance and functionality richness. We apply the same methodology to vehicle control unit (VCU). VCU coordinates safety functions such as gear shifting, torque distribution, and braking control. When tightly integrated with the smart cockpit system, the VCU enables seamless data sharing between driving dynamics and user interfaces, allowing real-time feedback on vehicle status directly on the dashboard.

By integrating multiple control units into the smart cockpit, we simplify wiring complexity, streamline software integration, and lower bill-of-materials and validation costs, enabling OEMs to deliver richer driving experience at a lower overall system cost.

ADAS

We believe that a fully integrated package that includes smart cockpit, ADAS-parking, ADAS-driving, telematics, OTA update and other features—all powered by one chip in one smart domain control solution—will deliver significant benefits to OEMs. We have developed integrated *Smart Cockpit + Parking* solution supported by a single automotive-grade main control chip and achieved mass production in 2024. Building on our smart parking solution, we are now developing a unified *Smart Cockpit + Driving* solution that consolidates what was traditionally powered by multiple chips into a one-chip solution. Our integrated *Smart Cockpit + ADAS* feature is set forth in the below chart:

Smart Parking

Our *Smart Cockpit + Parking* solution enables easy, safe and precise parking, whether in parallel, reverse, or angled spaces, in parking lot strips or any user-defined location. Users can also remotely park in and out through the Bluetooth key of their smartphone.

While many cars use separate domain control solutions for smart cockpit and parking functions which drives up costs, we are the first company in China's integrated domain control solutions industry to deliver a *Smart Cockpit + Parking* solution integrated within one a single automotive-grade main control chip at mass production scale, according to Frost & Sullivan. Deploying a parking function typically requires main chips with computing power as high as 10 TOPS. Leveraging our streamlined software architecture and proprietary full-stack software with intelligent load balancing, we have significantly reduced the computing power required for parking functions to be less than 2 TOPS, while offering smooth and stable performance. As a result, our solutions lower costs for OEMs and ultimately make the vehicle model more affordable for consumers. In addition, our solution supports continuous OTA updates to keep systems up to date. We design our smart parking solution to be highly reliable. During the Track Record Period, we are not aware of any material accidents associated with our smart parking solution.

We have designed our system to intelligently reallocate cockpit compute resources between parking and non-parking, minimizing processing demands without sacrificing performance. By leveraging the vehicle's existing camera and ultrasonic sensor interfaces and layouts, we can add the parking function with minimal hardware modifications, eliminating the need for additional SoCs or MCUs, accelerating time to market, and lowering total development costs, all while ensuring uncompromised functionality and safety.

Our *Smart Cockpit + Parking* solution is powered by two core software modules:

- *Motion assistance*. Our Full Assisted Parking Aid, or FAPA, helps drivers park their vehicles by automatically steering the car into a parking space. Drivers simply select the slot on the touchscreen, and FAPA takes care of the rest. Our FAPA software has a high parking space detection rate—exceeding 98% across multiple test vehicles—and features centimeter-level spatial mapping for precise maneuvering. Despite its optimal performance, FAPA consumes just 1.9 TOPS of computing power, leaving headroom for additional AI-driven features. Our parking solution also comes with emergency braking and reversing detection assist to prevent collisions during low-speed parking. FAPA also meets the Automotive Safety Integrity Level B (ASIL-B) requirements.

- *Visual assistance*. Our 360° Around-View Monitoring (360 AVM) software delivers a seamless, panoramic bird's-eye view of the vehicle's surroundings to enhance safety and parking precision. Through processing data collected from cameras and ultrasonic sensors (USS) the 360 AVM software generates a continuous, real-time view on the screen, giving drivers full awareness of their environment.

  By stitching feeds from four surround-view cameras and optional front-view sensors, drivers can easily switch between 2D and 3D top, front, rear, and side perspectives with a single tap. Our solution also dynamically generates auxiliary lines which predict the vehicle's trajectory, simplifying alignment within complex or poorly marked spaces. In addition, we also offer transparent chassis and 3D body transparency, which virtually "remove" parts of the vehicle's structure—such as the chassis or body panels—on the display. This enables the drivers to see any objects, curbs, or pedestrians that might otherwise be hidden. Our system achieves a display latency of less than 50 ms in tests, with false-positive rate of less than 2% in obstacle detection.

Case Study: First-of-Its-Kind Integrated Cockpit + Parking Solution on the SA 8155 Platform

In June 2024, we achieved a significant industry milestone with the delivery of our Smart Cockpit + Parking Solution on Dongfeng eπ 008 vehicle model, marking the automotive industry's first mass-production deployment of an integrated cockpit and automated parking solution on Qualcomm's SA8155 SoC. From initial design to mass production in June 2024, we collaborated closely with Dongfeng's engineering team. We leveraged the existing camera and ultrasonic sensor interfaces of the vehicle, minimizing hardware modifications and preserving system architecture. Our solution meets the stringent ISO 26262 Part 2–8 functional safety requirements and has achieved ASIL-B certification. Notably, we are the first to achieve mass production on Smart Cockpit + Parking solution, which achieved high delivery volume.

Driving

Building on our smart parking solution, we are now developing a unified *Smart Cockpit + Driving* domain controller. Our integrated approach delivers optimal and reliable performance, streamlines data processing and reduces chip and sensor costs.

- *Delivers optimal and reliable performance*. The integrated domain control solutions we deliver are a unified hardware and software platform. This translates to fewer software bugs, more consistent performance, and lower warranty costs. OEMs can validate the entire system in a single pass, rather than testing each function separately, accelerating development cycles and shortening time to market.

- *Streamline data exchange process*. Using single integrated domain control solutions also streamlines data processing, with encryption and decryption routines handled centrally. This not only enhances security, but also improves latency and simplifies the software stack.

- *Save costs*. We design our software for maximum efficiency, enabling a single chip to power the entire smart cockpit and ADAS functionality. We precisely design the placement and functionality of each sensor so that cameras, radars, and ultrasonic sensors used for ADAS also support in-cockpit applications—eliminating redundant sensor installations. By combining cockpit and vehicle-control functions into one controller, OEMs can eliminate duplicate hardware and simplify wiring, significantly reducing parts, assembly, and validation costs across the vehicle line.

Our *Smart Cockpit + Driving* solution is designed to support two categories of driving functionality:

- *For everyday driving*. Our solution covers Level 0 through Level 2.9 driving assistance, offering essential safety and convenience features for everyday driving. Our forward collision warning and automatic emergency braking software detect imminent obstacles and respond as needed. Lane departure warning and lane keep assist help drivers maintain proper lane positioning. Adaptive cruise control ensures smooth speed and gap management, while traffic sign recognition alerts drivers to changing speed limits. Intelligent high beam control automatically adjusts headlight intensity for optimal visibility, and integrated cruise assist seamlessly combines longitudinal and lateral control into a single driving aid.

- *For highway driving*. Our Level 2+ Highway Navigate on Autopilot, or NOA, adds hands-on-wheel supervision with advanced features like automatic lane change and ramp merging, enabling safe navigation through complex traffic flows. Smart lane usage decisions optimize routes around slower vehicles and obstacles, while dynamic speed adjustment responds to changing traffic and road conditions. The construction and accident-avoidance capabilities guide vehicles safely through work zones and incident areas, ensuring a smoother, safer journey.

We are in the process of developing our integrated *Smart Cockpit + Driving* solution for OEMs. As of the Latest Practicable Date, this solution has not entered into mass production.

Telematics

We integrate the telematics into our smart-cockpit platform via a dedicated T-Box—a compact module installed inside the chassis that connects vehicles to the internet. With our *Smart Cockpit + Telematics* solution, car owners gain real-time visibility into critical vehicle data and can issue remote commands with ease.

Our *Smart Cockpit + Telematics* solution offers OEMs a scalable foundation for connectivity and data-driven services and delivers significant advantages. By integrating the smart cockpit and telematics into a single integrated domain control solution, we reduce wiring harness complexity, streamline data exchange, and enable faster response time. In addition, only using one integrated domain control solution saves valuable space, a key advantage given the limited room available inside vehicle chassis. Our integrated approach also helps OEMs accelerate development cycles, allowing them to debug and validate the cockpit and telematics systems simultaneously rather than piecemeal.

By connecting smartphones to vehicle through Bluetooth, car owners can monitor the status of doors and windows, receive alerts if any door or window is left ajar, and remotely lock and unlock their cars. Our built-in proactive monitoring system leverages vehicle-generated data, such as fuel and battery levels, distance traveled, to send timely reminders for refueling, recharging, or maintenance, helping to prevent minor issues from escalating into costly repairs. Our system also monitors the cabin environment, allowing owners to preheat or precool the vehicles. In addition, our telematics maintain ultra-sensitive to wake-up signals and show little latency even when it is in energy-saving sleep mode.

Over-The-Air Update

In today's automotive landscape, OTA updates are no longer optional. Consumers expect their vehicles to remain up-to-date, evolving and improving long after they leave the showroom floor—without paying extra for each upgrade.

However, due to the technical complexity and high costs of implementing OTA updates, many OEMs lack the in-house resources to provide this critical functionality. As a result, they often rely on a trusted service partner to meet customer expectations. With our strong standardization abilities, we are able to deliver continuous feature enhancements, critical security patches, and performance optimizations—wirelessly and seamlessly—across the entire vehicle lifecycle in a cost-efficient manner. In 2024, we have completed an average of 19.6 times of OTA for our top five customers of the same year.

OTA technology enables vehicles to wirelessly receive updates and exchange data, making it essential for maintaining optimal system performance and elevating the user experience. We engage in predictive maintenance, where we leverage our data analysis capabilities to forecast potential equipment failures before they occur, enabling proactive interventions that reduce unplanned downtime, lower maintenance costs, and increase operational efficiency. To support the diverse architectures of different vehicle models, our platform includes a flexible OTA management module that can be tailored to each OEM's unique needs—handling version control, differential patching, and rollback logic seamlessly.

Within our OTA framework, we categorize updates into two primary types: FOTA (Firmware Over-The-Air) and SOTA (Software Over-The-Air). FOTA upgrades the underlying systems that directly manage vehicle hardware and critical electronic control units, ensuring that foundational vehicle functions continue to perform at peak levels. SOTA, on the other hand, updates higher-level application software—such as the in-vehicle entertainment system, voice assistance, visual recognition software and other functions to enhance user experience and add new features.

More Initiatives

Building on a "vessel and cargo" model, we have developed a highly scalable solution and kept adding and upgrading features to meet evolving customers' demands with maximum efficiency. For example, we have developed AI-powered sound systems which deliver immersive 3D audio experiences through real-time sound-field reconstruction, loudness compensation, and other technologies. We aim to bring users optimized experience without the need for luxury audio equipment. We have also developed a vision algorithm which ensures passenger safety by identifying whether seat belts are fastened. This allows us to replace the traditional weight sensor-based system and save hardware costs. In addition, leveraging our vision recognition capabilities, our rainfall detection algorithm continuously monitors precipitation conditions through existing cameras on vehicles, saving the need of installing an additional rain and ambient light sensor. It automatically activates the wipers and adjusts their speed according to the intensity of rainfall. This seamless automation ensures clear visibility during sudden downpours or light drizzles alike, allowing drivers to focus on the road.

As of the Latest Practicable Date, the aforesaid solutions had not yet been deployed in mass-production vehicles. We are actively exploring commercialization opportunities and expect to bring these features to market as part of OEMs' future vehicle models. We are also actively pursuing recurring, high-margin revenue opportunities, including software licensing, OTA-based feature upgrades, and value-added services, which enhance monetization across the vehicle lifecycle. See " —Business Sustainability and Path to Profitability."

OUR CORE TECHNOLOGIES

Powerful Toolkit for Efficient Development

We have built a highly standardized toolkit that empowers our engineers at all levels and dramatically streamlines our development process. Our technology capabilities have helped us gain first-mover advantages in China's smart vehicle industry. For example, we are the first third-party provider to achieve mass production of an integrated *Smart Cockpit + Parking* solution powered by a single automotive-grade main control chip. Going forward, we will keep developing modular software and optimizing our R&D processes to meet evolving customer demands, guided by cutting-edge research studies and real-world feedback from our sales and fulfillment teams.

We embed AI throughout the software development process to significantly shorten iteration cycles and optimize the performance of our software. For example, we have used the following AI tools:

- *SmartMega RTE Generator*. Our SmartMega Real-Time Engagement Generator, or SmartMega RTE Generator, is a specialized tool for automotive software development that supports the AUTOSAR Classic Platform—a standardized framework used for software design in automobile. At its core, the generator automatically creates ARXML files, which are documents describing interactions among software components. From these ARXML blueprints, it generates both Runtime Environment (RTE) code and cross-core communication code, enabling seamless integration across multiple software layers. By automating this process, our SmartMega RTE Generator eliminates the headaches of manually integrating multiple software components and deploying them across heterogeneous cores, reducing errors and accelerating delivery.

- *SmartMega CDD*. We developed SmartMega Complex Device Driver, or SmartMega CDD, a set of CDD based on Microcontroller Unit, or MCU, that simplify integration of new cockpit hardware. Engineers can pull out driver modules from our SmartMega CDD suite and easily customize them to meet the unique requirements of each vehicle model and function. Key functions covered by our SmartMega CDD include data exchange among multiple processors, data encryption and decryption, access to memory and MCU functional-safety components, among others.

We also develop a unified architecture to allow integration of multiple functions into a single module, which avoids redundancy and improves development efficiency. For example, Our standardized module interface design allows our engineers to focus on a module's external interface rather than deciphering legacy code or bulky documentation. This approach enables our R&D team to easily leverage modules from previous design-wins for customization rather than reinventing the software for each vehicle model, significantly accelerating development cycles.

Integration Capabilities

- *Optimized interface between hardware and software*. We optimize the interface of underlying hardware and sensors to minimize the computing power required. Our hardware-and-sensor access layers are optimized to eliminate unnecessary data copies. For example, data captured through our camera comes directly to our processing system without multiple copies. This approach accelerates data processing and saves computing power.

- *Stability powered by integration*. During Track Record Period, we have not received major reports that our smart cockpit system experienced latency, black screens, or flickering displays. This is made possible by our seamless integration from the underlying operating system, robust BSP layer to the user-facing software applications. In addition, our rigorous testing covers the corner cases—those extreme, uncommon but dramatically damaging scenarios. By mastering every layer of the stack, from chip-level drivers through software development and validation, our smart cockpit solutions are able to run smoothly and steadily under real-world condition.

Strong AI Algorithms

Leveraging our powerful development toolkit, we have independently developed full-stack AI algorithms that fuel our solutions across multiple domains.

- *On-vehicle vision algorithms*. Through using quantization tools, we convert our software into models that run better with chips' processors. As a result, our algorithms are highly optimized for hardware compatibility, minimizing CPU and memory requirements while delivering robust performance.

- *Off-vehicle vision algorithms*. For exterior awareness—such as parking assistance and spatial mapping—we fuse camera imagery with ultrasonic sensor (USS) data. This hybrid approach yields exceptionally high parking-space detection rates and centimeter-level mapping accuracy, all while keeping system costs low by integrating radar PDC software directly into our perception framework. This enables robust, affordable obstacle detection and automated guidance, even in tight urban environments.

- *Voice recognition*. Our acoustic automatic speech recognition algorithm is deeply optimized for each hardware platform, ensuring efficient CPU and memory usage, requiring less than 20%-30% of the computing and memory footprint of the industry average, according to Frost & Sullivan. We achieve this by modifying the architecture of software model to better suit the processor of chips, thereby reducing the CPU load.

- *Front-end acoustic algorithm*. Our front-end acoustic suite combines traditional signal-processing techniques with advanced models to deliver clean audio, even in challenging environments with strong echoes and multi-directional noise. In particular, our echo-cancelation algorithm identifies and removes the effect of reverberation, while our voice-zone separation algorithm isolates the speaker's voice from background disturbances.

- *Acoustic vehicle alerting system (AVAS)*. Because electric vehicles generally have lower sound at low speed, pedestrians may fail to detect their approach. Our AVAS module alert pedestrians by simulating engine sounds or other warning sounds, while maintaining seamless integration with our noise-control framework.

- *Natural language understanding (NLU)*. We leverage third-party NLU models to enhance our voice understanding algorithm, enabling it to more accurately interpret and respond to diverse user voice inputs. This allows us to deliver more reliable voice command recognition and a seamless in-car interaction experience.

Efficient Testing Platform

We have a dedicated team of over twenty engineers focusing on developing testing tools. Our next-generation test toolkit seamlessly bridges digital infrastructure with local devices—including both lab equipment and in-vehicle devices. We conduct massive parallel tests simultaneously, which significantly increases our ability to identify rare but critical issues. In addition, our AI-powered automatic scripting tool enhances our testing efficiency to an industry-leading level. Traditionally, engineers had to write testing scripts manually, an approach that consumed significant labor and time. With our automated scripting tool, engineers can generate testing scripts with just a few simple steps.

With our proprietary testing tools, we have established an end-to-end testing management system that brings all testing activities online. Each of our test engineer—whether conducting manual or automated tests—carries out their daily tasks on a single, unified platform.

This high level of integration allows us to capture and analyze test data in real time, which encompass quality, process and efficiency evaluation. These data assets not only enable more precise test oversight but also provide solid, data-driven support for design-win management decisions. According to a third-party testing report, our automated testing and digital management technologies have improved our test efficiency by approximately tenfold.

OUR RESEARCH AND DEVELOPMENT CAPABILITIES

Our top-tier, multidisciplinary R&D team brings deep expertise in software, hardware, and automotive systems. Working closely with our sales, fulfillment, and engineering teams, they rapidly translate market needs into scalable, production-ready solutions. In 2022 and 2023 and 2024, our research and development expenses amounted to RMB261.8 million, RMB290.2 million and RMB357.8 million, respectively. We did not capitalize our research and development expenses during the Track Record Period.

We have established a team of dedicated R&D professionals to enhance our technological advancements. As of December 31, 2024, we had 610 R&D employees, representing approximately 78.0% of our total employees. They are led by experienced technical leaders with an average of more than 15 years experience in the industry, many of whom bring backgrounds from top global technology and automotive companies, and over 85% of this group hold master's or higher degrees from top-tier universities. Our collective expertise spans across speech algorithms, autonomous driving, foundational software, middleware, hardware design, and automated testing—enabling the delivery of integrated, high-performance solutions that consistently exceed industry benchmarks.

Our R&D department has four key divisions that focus on development of operating system, AI software, hardware design, and testing. We utilize a multi-division R&D structure to rapidly innovate and constantly deliver high-quality solutions. We have continuously improved our R&D and fulfillment efficiency, evidenced a continued decrease in the number of R&D and fulfillment employees required to support each design-win from 29.1 in 2022 to 21.8 in 2023 and further to 17.9 in 2024. The structure of our R&D department is set forth below:

- *Operating system*. Our OS team primarily develop the OS and BSP hardware abstraction layer, and standardize core software modules. They are dedicated to quickly integrate software features to hardware platforms with high compatibility and flexibility.

- *AI software*. Our AI division leads innovation in acoustic, visual, and voice intelligence. By delivering high-performance solutions that can process and analyze information captured from sensors effectively, our AI division significantly helps OEMs lower their overall hardware costs and complexity.

- *Hardware design*. Our hardware design team is primarily responsible for hardware development and supervision of mass production. They work closely with supply chain partners to ensure quality standards and production efficiency are consistently maintained.

- *Testing*. Our testing team manages both the development of specialized testing tools and design-win-level quality validation. They are vital in conducting all phases of quality assurance testing to ensure every product meets industry standards and customer requirements.

- *Fulfillment*. Our fulfillment team focuses on delivery. They customize and optimize our software for specific demands of different vehicle models. From initial pilot installations through full mass production, they work closely with our customers to understand and fulfill their demands.

We also partner with research and academic institutions to co-develop automobile intelligence technologies and accelerate the adoption of cutting-edge research findings.

PRODUCTION

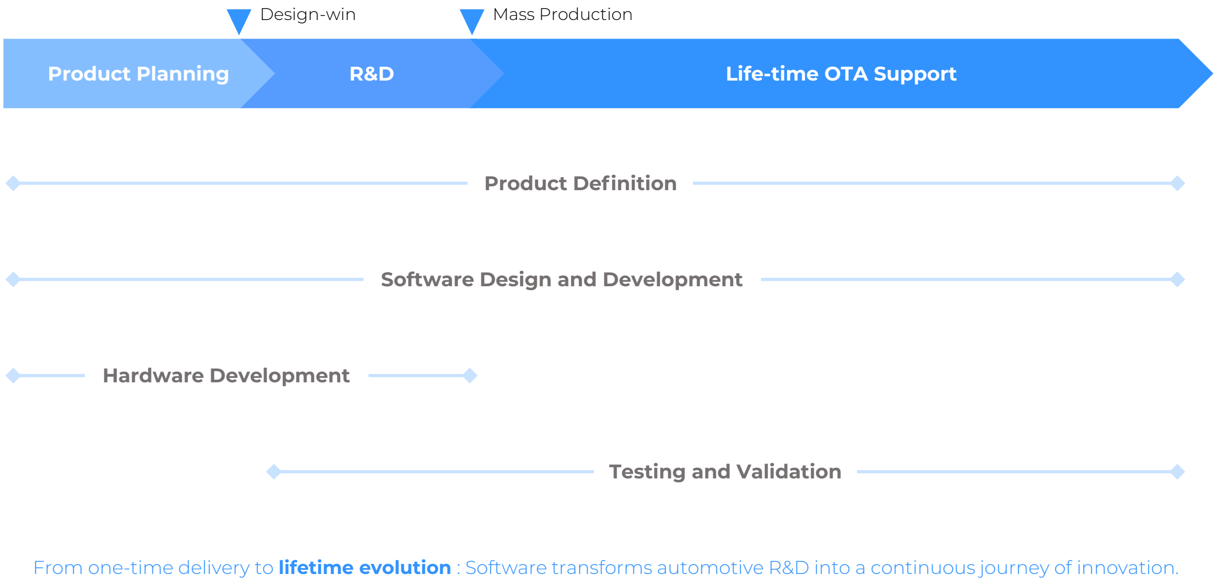
Our production process is highly structured, efficient, and leverages a collaborative model with top-tier contract manufacturers. We do not own or lease manufacturing facilities. Instead, we outsource the manufacture process and maintain strict control over design, core material procurement, and quality assurance. We work closely with our contract manufacturers to design and optimize their manufacture process, which ultimately improves the efficiency of mass production and the quality of our final products.

Production Facilities

We engage top-tier contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. Leveraging our manufacturing partners' production capabilities and our technological innovation, along with rigorous quality control protocols, we aim to ensure the superior performance and reliability of our products.

Our Production Process

We design and oversee our production processes in line with rigorous industry standards, and require our suppliers and partners to meet the same level of quality and compliance. The following diagram outlines the key stages of our material design and development workflow to deliver our solutions to customers:



Our key steps of production process include:

- *Product planning: identify SoCs and modules*. Our design process begins with close collaboration with OEMs to identify the most suitable SoCs and modules based on their functional requirements and application scenarios. OEMs typically select SoCs based on their desired functions, vehicle models and budgets. In some cases, we recommend appropriate SoCs and modules that fulfill these requirements.

- *Software design and development*. Based on the selected SoCs, we develop (i) operating system and other components, such as drivers, Board Support Package (BSP), hardware abstraction layer, hypervisors and (ii) AI software designs, including vision algorithms, sound process and voice interaction systems. Our software design and development processes cover the entire lifetime of vehicles, enabling constant OTA updates after vehicle delivery.

- *Hardware development*. Our hardware development encompasses supply chain platform design, schematic drawing, printed circuit board assembly design, functional architecture, laboratory testing, and procedure design of mass production. Through this integrated approach, we ensure that each hardware component meets stringent quality, performance, and reliability standards required for automotive applications.

- *Testing and validation*. Given the complexity of road condition and hardware component in a smart cockpit system, we prioritize rigorous, multidimensional testing to ensure stability and reliability of our product. Adopting a test-driven development approach, we define a clear set of validation metrics at the same time when we are confirming customers' functional requests. As soon as key software components are completed, we begin writing test scripts and initiate automated testing, enabling us to detect and address issues at the earliest possible stage. Once we complete development and testing, we will seek formal customer approval for the mass production of our integrated domain control solutions.

- *Mass production of our domain control solutions*. We outsource the mass production process to contract manufacturers and typically provide weekly forecast to ensure that they deploy adequate resources for timely delivery. We pay our contract manufacturers a fixed price agreed in contract unless there is material modification of design. After a contract manufacturer completes production but before it is delivered to us, we inspect samples and components to promptly identify and resolve any potential hardware issues.

- *Delivery*. We typically deliver our products to the OEMs' manufacturing facilities or their designated warehouses and pre-map the logistics process before mass production begins. We also have dedicated logistics employee to oversee the entire delivery process, including product packaging, handling, dispatch and receipt.

Our Production Model

We primarily operate under a contract manufacturing model, which allows us to retain control over key inputs while leveraging the scale and efficiency of specialized third-party manufacturers. Under this model, we procure critical raw materials ourselves and supply them to our contract manufacturing partners, who handle mass production. Once manufacturing is complete, we take ownership of the finished products—typically domain controllers pre-integrated with our proprietary software—and sell them to OEMs.

In parallel, we also engage in a smaller portion of our business under what we refer to as the OEM-affiliated manufacturer model. In this structure, we supply our software and select high-value components directly to the OEM's internal production unit, which completes final assembly and delivery. As we do not supply the full system under this model, our revenue recognition is limited to the portion we contribute—typically representing a lower per-unit value compared to the full-stack solutions sold under the contract manufacturing model.

Changes in the mix between these two production models may affect our total revenue, as delivery under the contract manufacturing model typically carry higher recognized revenue per unit because revenue is recognized based on the full sales value of the finished goods, while under the OEM-affiliated manufacturer model, revenue is recognized only for the software and components we supply.

QUALITY ASSURANCE

We implement a rigorous quality control system throughout our project delivery to ensure high product reliability and customer satisfaction. It safeguards our products and solutions' consistency, safety, and long-term reliability in mass production deliveries, being the cornerstone of our reputation.

We have a quality management team consisting of experienced personnel in production and quality control and is responsible for establishing and improving the overall quality system. This team conducts extensive quality monitoring and continuous improvement, including tracking key product quality issues and driving enhancements in product quality.

We adopt end-to-end monitoring system to cover the entire product and solution lifecycle, from material procurement and supplier management to ongoing optimization after the delivery.

- *Material procurement*. We directly procure chips, our key raw materials, from third-party suppliers. We establish strict supplier selection criteria, conduct qualification reviews, on-site inspections, and sample testing to ensure that suppliers have the capability to provide high-quality products and services.

- *Supplier management*. We outsource our production to third-party manufacturers, and closely monitor the progress and quality of the manufacturing process. Additionally, our key quality management members are physically stationed at contract manufacturing sites. With such a direct presence, we are able to provide our suppliers with real-time oversight, immediate response to emerging issues, and ensures that the quality criteria set by us are rigorously implemented at every production stage.

- *Comprehensive testing*. We incorporate multi-stage of testing and verification into the products and solutions delivery. See "—Our Core technology—Testing."

- *Continuous improvement and rectification*. At the contract manufacturer's site, we station dedicated quality management personnel who first audit the entire quality process for compliance with our requirements. Once defects are found, our team investigates, resolves the root cause, and updates workflow documentation and preventive solutions accordingly. Additionally, we closely track yield rates to maintain rigorous quality control.

We approach every product delivery with high standards and strict requirements. The quality standards we implement include, but are not limited to Automotive Quality Management Certification (IATF16949).

SALES AND MARKETING

Our sales and marketing effort is customized based on our customers' strategic and technical needs. We pride ourselves on guiding customers through the successful launch of their flagship vehicles, and we have gained the reputation of efficiently tackling the complexities in digital transformation of OEMs. As a result, once we help one customer achieve commercial success in a vehicle model, the customer tends to continue selecting us for future product lines. Our reputation for delivering optimal performance and high efficiency has driven steady customer growth. Over the years, with our enhanced sales and marketing, we are a trusted, integrated solutions provider to major OEMs, facilitating us to further expand our market share both domestically and globally.

We consider various factors in pricing, such as research and development costs, hardware costs, product positioning, market demand and competitive landscape, long-term customer relationship, and our overall strategic goals. By closely monitoring market trends and customer preferences, we adapt our quotations to remain competitive while maximizing value for our customers.

We build a customer-centric sales and marketing team. Through our teams' daily collaboration with our customers, we accumulate deep insights to each customers' demands and the whole automobile industry. It allows us to adjust our product designs accordingly and gain first-mover advantage in promoting our new products.

We promote our solutions through actively participating in automotive industry exhibitions and conferences, customers' referrals and online marketing. We showcase our latest solutions, network with potential customers, and stay abreast of industry trends.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Since inception, we have pursued a strategy focused on sustained technological leadership, continuous product innovation, and deep, long-term customer relationships. These strategic priorities have required substantial upfront investment—particularly in core technologies, talent acquisition, and business infrastructure—which has resulted in short-term net losses. Our current financial performance reflects these deliberate, forward-looking investments. Specifically, our net losses are primarily attributable to our proactive decision to invest early in mission-critical technologies and foundational business initiatives. While these investments have affected near-term profitability, we believe they are essential to establishing long-term competitive advantages and enabling sustainable growth. Achieving scale is also fundamental to unlocking the full potential of our operating model. As a company in the early stages of commercialization with a relatively limited operating history, we believe we have not yet reached the operational scale necessary to fully realize the efficiency and leverage inherent in our business model. Looking ahead, we are confident that continued growth in volume, deeper customer engagement, and operational optimization will drive margin expansion and support our path to long-term profitability.

These investments have already yielded significant progress in revenue growth, customer adoption, and operating leverage. From 2022 to 2024, our revenue grew at a CAGR of 91.3%. We have also improved our gross margin, which nearly doubled from 12.1% in 2023 to 21.8% in 2024, driven by increasing customer adoption, expanding economies of scale, and improved R&D efficiency. According to Frost & Sullivan, our gross margin in 2024 was meaningfully higher than that of many of our major competitors. In 2024, we delivered

634,337 units, representing a more than fourfold increase as compared to 120,106 units delivered in 2022. Moreover, the wallet share with our top five customers—measured by the proportion of their number of vehicles incorporating our solutions—grew from 1.2% in 2022 to 12.7% in 2024.

We are executing the following key strategies designed to drive our long-term profitability:

- *Achieving profitability through increased scale*. Achieving scale is central to our long-term path to profitability. We have adopted a disciplined growth strategy, focusing on chipsets with strong commercialization potential and targeting high-volume, scalable design-wins. As we continue to scale, we gain greater leverage among OEMs, suppliers, and manufacturing partners—enabling us to secure more favorable terms, deepen customer integration, and strengthen our strategic influence within the industry ecosystem. This, in turn, contributes to cost efficiency and commercial flexibility. As our delivery volumes continue to grow, we are increasingly able to amortize substantial R&D investments across a larger base of design-wins and customers, thereby improving our unit economics and enhancing our margin profile.

- *Increasing revenues by monetizing our strong design-win pipelines and expanding our customer base*. We are focused on translating our strong design-win pipeline into scalable, recurring revenue growth. As of December 31, 2024, we had secured 48 cumulative design-wins, reflecting the strong market recognition of our technology and the broad applicability of our solutions. We secured 23 design-wins in 2024, a significant increase from 11 design-wins in 2023 and eight design-wins in 2022, reflecting our accelerating customer success. Supported by our modular software architecture, these design-wins are now transitioning from development to mass production—positioning us to grow revenue substantially without a proportional increase in associated costs, thereby improving operating leverage. We are also deepening relationships with existing OEM customers by securing follow-on design-wins across additional vehicle models. As our solutions are adopted across a broader portion of their product portfolios, we anticipate higher customer lifetime value, stronger revenue visibility, and greater platform-level integration—all of which contribute to our long-term financial sustainability. In parallel, we are expanding our revenue model beyond initial hardware or solution deployment. We are actively pursuing recurring, high-margin revenue opportunities, including software licensing, OTA-based feature upgrades, and value-added services, which enhance monetization across the vehicle lifecycle. Moreover, we have steadily expanded our customer base—from initially serving primarily domestic OEMs to now including joint ventures and leading international automakers. We believe our strong technological capabilities, rapid development cycles, and proven track record of execution will continue to attract a broader range of customers, further supporting our growth trajectory and market leadership.

- *Optimizing our product portfolio, customer base, and design-win strategy*. We are continually advancing our product portfolio toward more integrated, feature-rich solutions, such as *Smart Cockpit + ADAS* offerings. These next-generation solutions are highly software-intensive, command higher price points, and are expected to contribute meaningfully to our margin expansion and long-term profitability. As part of our growth strategy, we are selectively prioritizing design-wins with strong market potential—focusing on vehicle models that are more likely to achieve scale and offer greater pricing power and longer-term returns. We are also emphasizing opportunities that align with our recurring revenue model, including those that enable software licensing, OTA feature enhancements, and other value-added services. By concentrating on high-potential programs that improve unit economics and support predictable, recurring revenue, we aim to build a more sustainable business with stronger margins, greater earnings visibility, and enhanced resilience across market cycles.

- *Enhancing operating leverage by improving development efficiency and spreading fixed costs*. Our modular software architecture enables significant code reuse across multiple design-wins, reducing development effort and lowering per-unit costs. This architecture has meaningfully improved our development efficiency and strengthened our profitability profile. The R&D expenses per "ongoing design-win" — defined as a design-win that is ongoing and not cancelled or discontinued during a year

— has decreased significantly by 24.4% between 2022 and 2023 and 20.2% between 2023 and 2024. We intend to further improve our R&D efficiency by streamlining R&D workflows, consolidating and reusing codebases, and expanding the use of automated testing and simulation tools. Additionally, as delivery volume continues to rise, we expect to further spread fixed R&D costs, enhance operating leverage, and improve margins—supporting a more scalable and profitable business model over time. We also seek to continue to drive improvements in our sales and marketing efficiency, with our reputation for product quality and reliability and ability to deliver solutions with speed that help OEMs accelerate time-to-market.

OUR CUSTOMERS

We primarily sell *Smart Cockpit + X* solutions to OEMs, who design, develop, and manufacture passenger vehicles. To a lesser extent, we also offer our solutions to supplier of OEMs in connection with their production of passenger vehicles.

Our current customers include some of the industry's most respected brands, such as Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. Many of the models equipped with our solutions have become top sellers in their respective segments. Our wallet share—measured by our combined share of their total number of vehicles incorporating our solutions— with our top five customers in 2024 increased from 1.2% in 2022 to 12.7% in 2024. Furthermore, in vehicles equipped with domain control solutions, we saw even more significant growth in our wallet share—measured by our combined share of their number of vehicles with domain control solutions—from 8.8% to 44.1% in our top five customers over the same period. This growth reflects the expanding adoption of our solutions across both existing and new vehicle platforms. As the industry has evolved, our customer base has expanded from domestic OEMs to include joint ventures and leading international automakers. By the end of 2024, we were collaborating with a diverse group of OEMs from China, East Asia, and the United States.

Major 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 RMB359.9 million, RMB1,379.7 million, and RMB 1,203.5 million, which accounted for 92.8%, 91.2% and 84.7% of our total revenue, respectively. For the same years, revenue from the largest customer amounted to RMB205.0 million, RMB801.6 million and RMB323.7 million, which accounted for 52.8%, 53.0% and 22.8% of our total revenue, respectively.

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	Credit Term	Revenue Amount *(RMB in thousands)*	% of Our Total Revenue
Year ended December 31, 2022						
Customer A . . .	Integrated software-and-hardware solutions	A cockpit, ADAS, and Internet solution provider established in 1986 and headquartered in Huizhou, Guangdong, China, which is listed on the Shenzhen Stock Exchange.	2022	30 days	204,958	52.8

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Credit Term	Revenue Amount *(RMB in thousands)*	% of Our Total Revenue
Customer B . . .	Integrated software-and-hardware solutions	An OEM primarily engaging in NEV manufacturing established in 2018 and headquartered in Chongqing, China, being a subsidiary of a leading OEM in China.	2020	90 days	94,156	24.3
Customer C . . .	Integrated software-and-hardware solutions	A service provider for technology service, development, consulting, communication, transfer and promotion established in 2017 and headquartered in Beijing, China, with a registered share capital of RMB1,000.0 million.	2020	90 days	26,455	6.8
Customer D . . .	Integrated software-and-hardware solutions	An OEM for internal combustion engine vehicles established in 1991 and headquartered in Changchun, Jilin, China, with a registered share capital of RMB24,282.0 million.	2021	30 days	23,065	5.9
Customer E . . .	Integrated software-and-hardware solutions	An OEM focus on manufacturing luxury Sport Utility Vehicles ("SUVs") established in 2022 and headquartered in Wuhan, Hubei, China.	2022	60 days	11,218	2.9
Total					**359,852**	**92.8**
Year ended December 31, 2023						
Customer A . . .	Integrated software-and-hardware solutions	A cockpit, ADAS, and Internet solution provider established in 1986 and headquartered in Huizhou, Guangdong, China, which is listed on the Shenzhen Stock Exchange.	2022	30 days	801,633	53.0

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Credit Term	Revenue Amount *(RMB in thousands)*	% of Our Total Revenue
Customer B . . .	Integrated software-and-hardware solutions	An OEM primarily engaging in NEV manufacturing established in 2018 and headquartered in Chongqing, China, being a subsidiary of a leading OEM in China.	2020	90 days	274,200	18.1
Customer F . . .	Integrated software-and-hardware solutions	A service provider for cockpit solutions and hardware manufacturer established in 2012 and headquartered in Wuhu, Anhui, China, with a registered share capital of RMB457.8 million.	2022	75 days	130,577	8.6
Customer G . . .	Integrated software-and-hardware solutions	A company primarily engaging in vehicle manufacturing and selling established in 2000 and headquartered in Nanjing, Jiangsu, China, and being subsidiary of a leading OEM.	2023	90 days	88,960	5.9
Customer H . . .	Integrated software-and-hardware solutions	A company primarily engaging in manufacturing of high-end NEVs established in 2021 and headquartered in Wuhan, Hubei, China, being a subsidiary of a leading OEM.	2021	60 days	84,351	5.6
Total					**1,379,721**	**91.2**
Year ended December 31, 2024						
Customer F . . .	Integrated software-and-hardware solutions	A service provider for cockpit solutions and hardware manufacture established in 2012 and headquartered in Wuhu, Anhui, China, with a registered share capital of RMB457.8 million.	2022	75 days	323,701	22.8

Customers	Type of Products and Services Provided	Background	Year of Commencement of Business Relationship	Credit Term	Revenue Amount *(RMB in thousands)*	% of Our Total Revenue
Customer G . . .	Integrated software-and-hardware solutions	A company primarily engaging in vehicle manufacturing and selling established in 2000 and headquartered in Nanjing, Jiangsu, China, being subsidiary of a leading OEM.	2023	30 days	295,619	20.8
Customer I . . .	Integrated software-and-hardware solutions	An OEM primarily engaging in manufacturing of mid-end passenger vehicles established in Wuhan, Hubei, China, in 2009.	2022	90 days	198,971	14.0
Customer B . . .	Integrated software-and-hardware solutions	An OEM primarily engaging in NEV manufacturing established in 2018 and headquartered in Chongqing, China, being a subsidiary of a leading OEM in China.	2020	30 days	195,868	13.8
Customer H . . .	Integrated software-and-hardware solutions	A company primarily engaging in manufacturing of high-end NEVs established in 2021 and headquartered in Wuhan, Hubei, China, being a subsidiary of a leading OEM.	2021	60 days	189,344	13.3
Total					**1,203,503**	**84.7**

Note(s):

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. 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.

The Early OEM End-customer

During the Track Record Period, a significant portion of our revenue was derived from a limited number of customers. In particular, Customer A, a designated Tier-1 supplier to an OEM that we refer to as the "Early OEM End-customer," was our largest customer in both 2022 and 2023, accounting for approximately 52.8% and 53.0% of our total revenue, respectively.

As part of our early-stage go-to-market strategy, we made a deliberate decision to fulfill large-scale orders of basic domain controllers to the Early OEM End-customer via Customer A. The relationship has enabled us to validate our solutions at scale, build delivery capabilities, develop solid supplier relationships, and establish a track record of commercial execution.

Through Customer A, we supplied basic domain controllers that were integrated into the Early OEM End-customer's passenger vehicles. These domain controllers, while foundational in nature, were preloaded with software necessary to support basic intelligent vehicle functions. At the time, this cooperation offered strong strategic value to both parties: the Early OEM End-customer benefited from immediate access to essential vehicle capabilities, and we were able to rapidly scale our business through high-volume orders—an important factor in building early traction in a highly competitive industry.

However, as our product portfolio evolved and we began shifting toward more advanced and software-defined domain controllers with higher value-add and stronger monetization potential, we reassessed the long-term fit of our relationship with the Early OEM End-customer. In early 2024, as we began to reach critical mass, we made a strategic decision to discontinue our relationship with the Early OEM End-customer in order to prioritize more sophisticated, software-centric solutions that are better aligned with our long-term development and profitability objectives.

We believe that our customer concentration during the Track Record Period reflects our deliberate strategy to rapidly scale in a highly competitive market, rather than any structural dependency or long-term risk. As our business continues to grow and we expand our portfolio of solutions to address a broader range of customer needs, we expect our customer base to continue diversifying.

Salient Terms of Contracts with Customers

A summary of the typical terms and conditions of our agreements with key customers is set forth below:

- *Product specifications*. The agreements with our customers generally specify the quality requirement, development and delivery timeline, price, quantity, logistics and other detailed items.

- *Product liability and safety*. We are generally responsible for the quality and safety of the products provided by us. We provide standard product warranty and are required to indemnify our customers regarding the quality and/or safety of our solutions.

- *Warranty*. We offer a product warranty to our customers. See "—Customer Service and Warranty."

- *Payment terms*. Our customers usually pay us via bank transfer or bills.

- *Intellectual property*. Generally, we own the intellectual property rights of the products we offer, and typically grant our customers right-of-use of such intellectual property rights. If we conduct certain customized development only for one customer, then the customer owns the intellectual property rights.

- *Termination*. The agreements can be terminated on at-will base by either us or our customers. On the other hand, our customers have the right to terminate the agreements if our products do not meet quality requirements or if we fail to make timely delivery.

During the Track Record Period and up to the Latest Practicable Date, there was no material breach of agreement and/or any purchase orders with our major customers. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material complaints, litigation, or incidents concerning the quality or safety of our products or services.

Customer Service and Warranty

We are committed to enhancing customer satisfaction. Our quality management team promptly addressing post-sales inquiries, swiftly diagnosing and resolving customer issues with precision. With our strong emphasis on customer service and long-term customer support, we have not experienced any material product returns or recalls during the Track Record Period.

Our customer support centers on maintaining continuous communication, catering the customers' demands, and providing assistance throughout the entire project—from early engagement to post-delivery support. From time to time, we go to the local area where the customer operates to ensure the progress timeline is on track and responsiveness to inquiries.

OUR SUPPLIERS

We mainly procure two kinds of materials (1) materials for production purpose, such as chips, structural components and software; and (2) materials for research purpose, such as prototypes. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery.

Major Suppliers

For the years ended December 31, 2022, 2023 and 2024, purchase amount to our top five suppliers in each period of the Track Record Period in aggregate was RMB391.7 million, RMB1,163.0 million and RMB935.9 million, representing 69.1%, 82.4% and 77.2% of our total purchase amount, respectively. In 2022, 2023 and 2024, purchase amount to our largest supplier in each period of the Track Record Period was RMB273.8 million, RMB680.7 million and RMB415.9 million, representing 48.3%, 48.2% and 34.3% of our total purchase amount, respectively.

The following table sets forth details of our five largest suppliers in each period of the Track Record Period:

Suppliers	Major Type of Products and Services Provided	Background	Year of commencement of business relationship	Credit Term	Purchase Amount *(RMB in thousands)*	% of Our Total Purchase
Year ended December 31, 2022						
Supplier A	Chips	A company primarily engaging in design and manufacturing of SoCs, established in 1999 and headquartered in Singapore.	2021	Prepayment in full	273,807	48.3
Supplier B	Chips	A chip distributor established in 2003 and headquartered in Hong Kong.	2022	60 days	41,398	7.3
Supplier C	Chips	A chip distributor established in 2016 and headquartered in Huizhou, Guangdong, China, with a registered share capital of RMB40.0 million.	2021	30 days	39,648	7.0

Suppliers	Major Type of Products and Services Provided	Background	Year of commencement of business relationship	Credit Term	Purchase Amount *(RMB in thousands)*	% of Our Total Purchase
Supplier D	Chips	A chip distributor established in 1999 and headquartered in Hong Kong, which is listed on the Taiwan Stock Exchange.	2021	60 days	23,226	4.1
Supplier E	Chips	A chip distributor established in 2019 and headquartered in Beijing, China, with a registered share capital of RMB10.0 million.	2022	60 days	13,618	2.4
Total					**391,697**	**69.1**
Year ended December 31, 2023						
Supplier A	Chips	A company primarily engaging in design and manufacturing of SoCs, established in 1999 and headquartered in Singapore.	2021	30 days	680,708	48.2
Supplier F	Chips	A chip distributor established in 2014 and headquartered in Shenzhen, Guangdong, China, which is listed on the Shenzhen Stock Exchange.	2022	90 days	145,228	10.3
Supplier G	Chips	A chip distributor established in 2009 and headquartered in Hong Kong.	2022	90 days	142,169	10.1

Suppliers	Major Type of Products and Services Provided	Background	Year of commencement of business relationship	Credit Term	Purchase Amount *(RMB in thousands)*	% of Our Total Purchase
Supplier D	Chips	A chip distributor established in 1999 and headquartered in Hong Kong, which is listed on the Taiwan Stock Exchange.	2021	90 days	106,860	7.6
Supplier H	Contract manufacturing service	A company established in 2017 in Anhui, China, which primarily engages in manufacture of automobile components and related equipment.	2022	90 days	88,065	6.2
Total					**1,163.0**	**82.4%**
Year ended December 31, 2024						
Supplier A	Chips	A company primarily engaging in design and manufacturing of SoCs, established in 1999 and headquartered in Singapore.	2021	30 days	415,861	34.3
Supplier I	Chips	A chip distributor established in 2020 and headquartered in Hong Kong, with a registered share capital of HKD12.5 million.	2021	90 days	196,466	16.2
Supplier D	Chips	A chip distributor established in 1999 and headquartered in Hong Kong, which is listed on the Taiwan Stock Exchange.	2021	90 days	157,565	13.0

Suppliers	Major Type of Products and Services Provided	Background	Year of commencement of business relationship	Credit Term	Purchase Amount *(RMB in thousands)*	% of Our Total Purchase
Supplier H	Contract manufacturing service	A company established in 2017 in Anhui, China, which primarily engages in manufacture of automobile components and related equipment.	2022	90 days	97,865	8.1
Supplier J	Chips	A chip distributor established in 2014 and headquartered in Shenzhen, Guangdong, China, which is listed on the Shenzhen Stock Exchange.	2022	90 days	68,137	5.6
Total					**935,894**	**77.2**

Note(s):

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 shareholders 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 purchase order with key suppliers is set forth below:

- *Product and solution specifications*. We specify the products or services, price, quantity, delivery timeline and other detailed items in each purchase order. We do not have minimum purchase commitment or any penalty in case of shortfall.

- *Delivery*. The purchase order generally sets forth the designated third-party carrier and specifies place of delivery.

- *Payment terms*. We usually pay our suppliers via bank transfer.

- *Warranty*. Suppliers shall deliver products that meet the mutually agreed quality standards. The suppliers agree to repair or replace any non-conforming products.

Supply of Raw Materials and Components

Our procurement adopts an integrated approach which supports our scalability and resilience in the competitive and rapidly evolving automotive technology landscape.

We have a flexible procurement mode combining centralized control and effective delegation. For key materials such as automotive-grade chips, we handle the procurement directly, particularly when we can leverage bulk purchase to obtain discount or other favorable terms. Among other components, if the contract manufacturer are able to obtain with lower costs, we are inclined to delegate this procurement to the contract manufacturer to achieve a better cost effectiveness.

Supply Chain Risk Management

The supplier is relatively concentrating in the smart cockpit industry. We maintain stability of our procurement through establishing strategic partnership with suppliers of key raw materials. In addition, we also gain relatively high bargaining power and ordering priority with deep insights and strong capabilities in software development. When supply disruptions or allocation policies arise, we capitalize on these relationships to negotiate favorable terms and ensure continuity of critical components. This preferential access, combined with our proactive communication and long-standing collaboration with primary vendors, enables us to mitigate supply instability and maintain reliable production schedules.

We closely monitor our inventory on a weekly basis to maintain tight control. Before each purchase, we review the available inventory for each component and factor in lead times, production schedules, and customer demand to manage inventory effectively and avoid unnecessary stockpiling. We draw on historical sales data and demand forecasts to determine appropriate stock levels, maintaining enough inventory to support production without overcommitting capital to unsold goods. Because our inventory is largely customer-driven, any potential excess can typically be managed through coordination with customers, product design modifications, or repurposing components in other products to minimize the risk of write-downs. Please see "Financial Information—Discussion of Selected Items from the Consolidated Balance Sheets—Assets—Inventories" for details.

We believe we have sufficient alternative suppliers for raw materials and components that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, there was some overlapping between our major customers and suppliers.

Customer A, being our largest customer in 2022 and 2023, was also our supplier in the same years. We mainly provided our integrated domain control solutions to Customer A, and Customer A mainly supplied us with certain raw materials to us. In 2022 and 2023, the revenue contribution of Customer A amounted to RMB205.0 million and RMB801.6 million, respectively, accounting for 52.8% and 53.0% of our total revenue in the same periods, respectively. Our purchase from Customer A was insignificant, amounting to nil in 2022 and RMB0.6 million in 2023.

Customer F, being our third largest customer in 2023 and largest customer in 2024, was also a supplier in the same years. We primarily provided Customer F with our integrated domain control solutions, while

Customer F supplied us with sample hardware and technical services. In 2023 and 2024, the revenue contribution of Customer F amounted to RMB130.6 million and RMB323.7 million, respectively, accounting for 8.6% and 22.8% of our total revenue in the same periods, respectively. Our purchases from Customer F were immaterial, totaling RMB3.6 million in 2023 and RMB0.1 million in 2024.

According to Frost & Sullivan, it is common for players in the automotive intelligence industry to operate across multiple segments of the value chain. As a result, it is industry practice for upstream and downstream participants to engage in commercial transactions with one another in both customer and supplier capacities.

Negotiations of the terms of our sales to and purchases from the overlapping customer and supplier are conducted on a case-by-case basis and the purchases are neither interconnected nor inter-conditional with each other. All of our sales to and purchases from the overlapping customer and supplier are 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.

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. As of December 31, 2024, we maintained a patent portfolio with a total of 157 issued patents, including 125 inventions, eight design patents and 24 utility model patents, 157 patent applications, 102 trademarks and 31 software copyrights registered in mainland China.

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."

EMPLOYEES

As of December 31 2024, we had 782 employees, mainly concentrated in Beijing, Wuhan, Chongqing and Hefei. The following table sets forth a breakdown of our employees categorized by work function and location as of December 31, 2024.

	As of December 31 2024
Function	
Research and Development	610
Sales and Marketing	53
Administration	119
Total	**782**

We are committed to creating an inclusive and collaborative culture, guided by principles of integrity, innovation, and dedication. We offer competitive salaries and benefits package. We benchmark salaries to the market and offer employees statutory benefits with additional commercial health insurance and wellness support. To further keep our compensation competitive, we offer special incentives, such as equity or option plans for core talents and management. We also promote a collaborative corporate culture and career development experience, providing new and current employees with systematic induction and on-the-job training, management skills upgrading, professional growth support, as well as clear promotion channels. Through fostering these series of welfare initiatives, we create a safe and fair working environment for our employees with development prospects, thereby facilitating their professional advancement with us.

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 our middle- to-senior-level managers. We believe that we have good working relationships with our employees. Our employees are not represented by a labor union. During the Track Record Period, we did not experience any significant labor disputes with our existing or departing employees, demonstrating our commitment to maintaining positive relationships.

PRIVACY AND DATA SECURITY

We are steadfast in our commitment to protecting privacy and data security. We have implemented data privacy and security procedures which are designed to safeguard data and information, ensure regulatory compliance, and promote best practices across our operations.

We maintain comprehensive protection measures, including constant IT monitoring, information security protocols, classified document management, to ensure that our data remains secure, compliant, and fully under our control.

We intend to align with best practices in the domain of global information security, and have obtained ISO 27001 Information Security Management System certification for the relevant information security management system, to foster robust internal controls.

We do not collect or process any personal information from end users of our products and solutions. We were not aware of any significant incidents of data or personal information leakage throughout the Track Record Period and up to the Latest Practicable Date. We believe that as of the Latest Practicable Date, we had been in compliance with applicable PRC laws in respect of data protection in material aspects.

AWARDS AND ACHIEVEMENTS

No.	Year	Award or Recognition	Issuing Authority
1.	2025	2025 China Automotive Supply Chain Innovation Achievements （2025中國汽車供應鏈創新成果）	China Association of Automobile Manufacturers (中國汽車工業協會)
2.	2025	2025 SDV Innovator Awards-Leader	Motor Trend
3.	2024	National Specialized and New "Little Giant" Enterprises (國家級專精特新"小巨人")	Ministry of Industry and Information Technology of China (中国工信部)
4.	2024	The Top 100 Unicorns of CCID (2024) "Hard Technology" Unicorn Enterprises 賽迪科創獨角獸百强(2024)"硬科技"獨角獸企業	China Center For Information industry Development (工信部賽迪研究院賽迪科創)
5.	2024	2024 Excellent Innovation Cases in the Field of 'Smart Cockpit' of China's Automotive Software 2024中國汽車軟件"智能座艙"領域優秀創新案例	China Automotive Industry Association (中國汽車工業協會)
6.	2024	Outstanding case of a new ecological leader in the automotive industry (Magnesium Cabin Parking Integration Solution) 汽車新生態領軍者優秀案例(鎂佳艙泊一體解决方案)	Xinhua Credit (新華信用)
7.	2023	"The integrated solution of smart cockpit and smart parking" won the "2023 Leading Technology Achievement in Automotive Smart Cockpit". "智能座艙與智能泊車一體化方案"獲"2023汽車智能座艙領先科技成果"	China Society of Automotive Engineers (中國汽車工程學會)
8.	2023	2023 Top 100 New Automotive Supply Chains in China 2023 中國汽車新供應鏈百强	Gasgoo (蓋世汽車)
9.	2023	The "Integrated Intelligent Parking System" has been awarded the "Forward-looking Outstanding Award for Intelligent Driving." "艙泊一體智能泊車產品"獲"前瞻·智能駕駛類優秀獎"	Auto Business Review (汽車商業評論)
10 · .	2023	2023 Fortune China's Most Socially Influential Startups 2023 《財富》中國最具社會影響力的創業公司	Fortune Magazine(財富)

No.	Year	Award or Recognition	Issuing Authority
11.	2022	KPMG China's Top 50 Leading Automotive Technology Enterprises (5th Edition) 畢馬威中國領先汽車科技50企業(第五屆)領先企業	KPMG (畢馬威)
12.	2022	Top 10 Quality Solution Providers for Digital Cockpits of Chinese Smart Electric Vehicles 2022 2022中國智能電動汽車數字座艙優質解決方案服務商TOP10	Yiou Auto (億歐汽車)

COMPETITION

We face intense competition from both well-established companies and new market entrants. Our success depends on our ability to maintain and strengthen our competitive position in the global and China's integrated domain control solutions industries, which are characterized by rapid technological advances, aggressive pricing, and ever-evolving customer requirements. Our competitors include large, well-capitalized Tier 1 suppliers, global automotive electronics conglomerates, and OEM in-house programs that often have deeper R&D budgets, established brand reputations, and long-standing relationships with OEMs. We also compete with new entrants that may be preparing to enter—or are already entering—the global and China's integrated domain control solutions industries. Some of these competitors may have begun, or may soon begin, pursuing large-scale deployment of autonomous vehicle technologies independently. For more information, see "Risk Factors—Risks Related to our Business— We face intense competition from both well-established companies and new market entrants. If we fail to compete effectively in areas such as technology, pricing, or customer service, our business, financial condition, and results of operations may be materially and adversely affected."

SEASONALITY

Our financial performance is subject to seasonal fluctuations that align with automotive production and sales cycles. Revenue typically trends lowest in the first quarter of the year, primarily due to OEMs' production schedules and temporary slowdowns around the Chinese New Year holiday period. Revenue generally increases through the second and third quarters as OEMs ramp up vehicle production to meet annual targets and prepare for model year launches, culminating in a peak during the fourth quarter. This seasonality also affects working capital dynamics, as higher production levels in the second half of the year often lead to increased inventory, which may temporarily impact our cash flow and liquidity. Such fluctuations are seasonal in nature and thus our quarterly or half-year results may not be indicative of our results of operations for the full year. See "Risk Factors—Risks Related to our Business—Our business is subject to seasonality."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Megatronix regards environmental, social, and governance (ESG) factors as an essential part of corporate operations and development, promoting the integration of ESG into business operations. We adhere to the vision of "software changing the world" and continues to explore cutting-edge technologies in the industry, thereby enhancing its sustainable development capabilities, the sustainability of products and services, empowering OEMs to create a smarter, more convenient and user-friendly driving experience, and creating continuous value for stakeholders.

ESG Governance

We continue to optimize the ESG governance system and build an ESG management framework with clear responsibilities and efficient operation. As the highest decision-making body for our ESG affairs, the Board of Directors is responsible for reviewing major ESG matters, supervising the implementation of ESG strategic goals and management policies, and regularly evaluating the effectiveness of their implementation. At this stage, the Investor Relations Department, as the primary coordinating department for ESG work, takes the lead in identifying and evaluating ESG risk and opportunities, formulating corresponding response strategies, regularly tracking and evaluating implementation progress, and promoting the deep integration of ESG and business operations. As the executive department, each business department is responsible for implementing the specific requirements of ESG work into daily business activities. We attach great importance to the expectations and demands of all stakeholders and will continue to optimize the ESG governance structure, thereby continually enhancing the level of ESG management.

ESG Materiality Assessment and Risk Management

We attach great importance to sustainable development management. In line with industry development trends, it conducts ESG materiality topics and risk identification through industry benchmarking, research and communication, etc.

- We refer to the Hong Kong Stock Exchange's *Environmental, Social and Governance Reporting Code* and identify our relevant ESG material topics based on our actual operating conditions and industry development trends.

- We engage external experts to provide professional advice and guidance to assist us in analyzing the importance of ESG topics to corporate development and to stakeholders, prioritizing ESG topics, and identifying highly important issues.

- We review the ranking of importance and determine which ESG topics that have a significant impact on our sustainable development.

Based on the results of our materiality assessment, we believe that product quality and safety, R&D innovation, and employee rights and care are our key ESG topics.

We actively take measures to manage and mitigate ESG-related risks, strengthening our risk resilience capabilities by formulating specific management methods for each topic, incorporating ESG considerations into our ESG strategy and development plan, and other relevant initiatives.

As of December 31, 2024, we have not been penalized for violating any product quality and safety, occupational health and safety, or social and environmental laws and regulations. In addition, we have not experienced any significant impact on our business, strategy, or financial performance due to environmental, social, and climate-related risks. In the future, we will continue to optimize risk identification and assessment procedures, enhance risk management capabilities, and disclose ESG reports regularly in accordance with regulatory requirements.

Environmental

We comply with the *Environmental Protection Law of the People's Republic of China* and other relevant environmental laws and regulations and continue to enhance our environmental management system. Based on the current status of business development and our own management level, we set the following environmental-related goals to promote our green and low-carbon development:

- *Greenhouse gas emission target*. Based on 2022 as the baseline, the intensity of greenhouse gas (Scope 1 and Scope 2) emissions is expected to be reduced by 5% by 2030.

- *Waste reduction target*. Based on 2022 as the baseline, the density of non-hazardous waste emissions is expected to be reduced by 5% by 2030.

- *Energy utilization target*. Based on 2022 as the baseline, energy consumption intensity is expected to be reduced by 5% by 2030.

- *Water resource use target*. Based on 2022 as the baseline, water withdrawal density is expected to decrease by 2% by 2030.

Emissions Management

The waste we discharge mainly includes domestic sewage, toner cartridges, and paper generated by office use, etc., and does not involve the production and discharge of industrial wastewater or exhaust gas. We strictly abide by the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the*

People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes and other laws and regulations on emissions, and strictly manage the waste generated by us. Domestic sewage is discharged in compliance with the municipal pipe network, and waste is collected and processed by the property management company. To reduce waste generation, we require employees to print double-sided by default and encourage them to use online collaboration platforms instead of paper documents for collaboration.

The amounts of waste we discharged during the Track Record Period were as follows:

Indicator	Unit	2022	2023	2024
Hazardous waste (toner cartridges, ink cartridges, etc.)	ton	0.007	0.007	0.009
General waste (mainly office papers)	ton	0.52	0.66	0.96

Energy and Resource Management

We strictly adhere to the *Energy Conservation Law of the People's Republic of China* and other relevant energy laws and regulations and encourage our employees to conserve energy and resources. The only energy we consume is electricity. All water resources we used come from the municipal water supply. In terms of saving energy and resources, we give priority to purchasing energy-saving certified equipment, set automatic sleep modes for office equipment such as printers and computers, encourage employees to turn off the power of non-essential equipment during non-working hours, and post power-saving and water-saving signs in office areas. As of December 31, 2024, we have not encountered any difficulties in obtaining water resources. Based on the characteristics of our products and services, the use of packaging materials is not currently involved.

Indicator	Unit	2022	2023	2024
Electricity consumption	kWh	417, 800	876, 429	1, 120, 005
Electricity Intensity	kWh/million revenue	1,075.00	582.43	784.34
Water consumption	m^3	940	2, 580	3, 045

Addressing Climate Change

We are committed to low-carbon sustainable development, gradually improving climate governance, and paying attention to the potential impact of climate change on us. Through policy research and business analysis, we identify risks and opportunities related to climate change, assess the impact of these factors on our operations and development, and formulate response measures.

Type of risks/ opportunities		Specific impacts	Countermeasures
Physical risks	Typhoons, extreme precipitation, extremely hot/ cold weather	Employee commuting is affected, as well as labor loss	Develop emergency plans for extreme weather and dynamically adjust employee commuting requirements in response to weather warnings.
	Global warming	The electricity consumption for refrigeration and other equipment has increased, and our energy consumption has increased.	Encourage employees to implement energy-saving and emission-reduction measures.
Transition risks	Market risk	Customers and consumers are increasingly concerned about Companies' performance in addressing climate change, and Companies that fail to take relevant actions may suffer reputational damage.	Actively understand market demand and provide more low-carbon and sustainable services and products through technological innovation.

Type of risks/ opportunities		Specific impacts	Countermeasures
Opportunities	Brand value	We provide environmentally friendly products and services, which help shape its corporate image and gain more market opportunities.	

Currently, we only use electricity, which does not involve Scope 1 emissions. To reduce greenhouse gas emissions, we promote low-carbon travel. By cooperating with a third-party business travel platform, we saved a total of 117,056 paper travel invoices from 2022 to 2024, and encouraged employees to adopt green travel practices, reducing carbon emissions by 106.5 kg.

Indicator	Unit	2022	2023	2024
Scope 2 greenhouse gas emissions	tCO_2e	224.19	470.29	600.99
Scope 2 greenhouse gas emissions intensity	tCO_2e / RMB million of revenue	0.58	0.31	0.42

Society

Product Quality and Service

We have formulated and strictly implemented internal systems such as the *Emergency Preparedness and Response Control Procedure*, the *Control Procedures for Problem Solving and Corrective Actions of Issues*, the *Management Measures for Handling Emergencies*, the *Processing Procedures for Customer Complaints and Pre-sales Product Return*. We have obtained ISO9001 Quality Management System Certification and ISO26262 Road Vehicles Functional Safety Certification.

The Company implements strict quality control on externally purchased parts and components. For the production and delivery process in the factory, we have formulated quality management methods covering control methods, control frequency and abnormal handling measures. For potential risks such as staffing, equipment operation failures and natural disasters, the Company has formulated a comprehensive emergency response plan. The products of Megatronix are mainly on-board software for vehicles, which are relatively less prone to recall issues. As of the end of December 2024, we have not had any product recalls for safety and health reasons.

The Company has set up a full-time customer complaint handling team to ensure that customer complaints are responded to within 24 hours and the results of the whole process are tracked. On the product side, we have promoted the iterative upgrade of the three generations of products of the SA8155 hardware platform B19-B21, simultaneously optimized the after-sales quality management structure, reconstructed the layout of national service outlets, and significantly improved the after-sales efficiency. On the customer side, we have established a professional team, regularly visited 4S stores, held quality co-construction meetings with OEM customers and conducted overall customer satisfaction surveys. In the past two years, the average customer satisfaction score of Megatronix has reached 98 points.

R&D and Innovation

Megatronix strictly abides by the *Copyright Law of the People's Republic of China* and the P*atent Law of the People's Republic of China*, formulates the *Intellectual Property Management System* and the *Invention and Creation Reward System*, and has formulated an established R&D and innovation management system. The Company has obtained the CMMI Level 3 Software Capability Maturity Model Integration Certification, ASPICE Level 2 Automotive Software Process Improvement and Capacity Determination Certification, ISO27001 Information Security Certification and ISO21434 Cybersecurity Engineering Certification, providing standardized support for technological innovation.

In terms of intellectual property and trademark and patent management, the Company has established a strict protection mechanism to prevent various legal risks by setting confidentiality clauses in labor contracts. At the same time, we provide training on intellectual property protection for new employees. As of the end of December 2024, we have obtained a total of 293 intellectual property rights, including three domain names.

In terms of information security and data management, the Company has formulated the *General Principles of Data, Cyber and Information Security Management* and the *IT Information Security Management Policy* to build a data security protection mechanism. To ensure the effective implementation of the system, the Company regularly organizes information security training for relevant employees.

Human Capital

Compliant Employment

Megatronix strictly abides by the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and formulates internal systems such as the *Employee Handbook*, the *Performance Management System*, and *Broadband Remuneration* to ensure that the entire employment process is legal and compliant. In terms of employment management, the Company strictly implements the identity verification system, requires valid identity documents when joining the Company, and resolutely eliminates illegal acts such as employment of child labor and forced labor. We have not had any incidents of employment of child labor or forced labor.

In terms of talent selection, the Company fully respects talent diversity and eliminates any form of recruitment discrimination in every link from job responsibilities to resume screening.

In terms of employee remuneration and benefits, the Company implements broadband remuneration system to build a competitive payroll system. We fully pay five insurances and one housing fund for employees and provide additional supplementary medical insurance. At the same time, the Company pays attention to the physical and mental health of employees, organizes health examinations on an annual basis, and conveys care and warmth to employees by sending birthday emails and holding holiday activities.

Employee Health and Safety

Megatronix strictly abides by the *Work Safety Law of the People's Republic of China* and *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other laws and regulations to build a comprehensive employee health and safety protection system. In order to effectively prevent occupational health risks, we have entrusted a third-party testing agency with CMA certification before the newly renovated office area is put into use. And we carry out systematic indoor air quality testing in accordance with relevant national standards and specifications. At the same time, the Company provides emergency rescue knowledge training and conducts emergency safety drills from time to time.

Staff Training and Development

The Company has established a training system that covers the entire cycle of talent selection, training, employment and retention. To improve employee skills, the Company conducts special training for employees in different positions based on their positions and needs for work skills. In 2024, our employee training coverage rate reached 100%, and the average training time for both male and female employees were 8 hours.

Responsible Supply Chain

Megatronix has formulated internal systems such as the *Management Procedures for Procurements and Suppliers*, the *General Principles for Procurement*, and the *Management Control Procedures for Logistics*, standardizing supplier management for the entire process from access to assessment.

In the process of supplier selection and onboarding, the Company incorporates ESG factors into the evaluation system and requires suppliers to obtain ISO/TS169491 Quality System Certification and

ISO14001Environmental Management System Certification. At the same time, we clearly stipulate in the *General Principles for Procurement* signed with suppliers that suppliers should ensure the strict compliance of their products with environmental, health and safety requirements.

In the process of supplier assessment, we have established a complete grading assessment mechanism, conducting comprehensive evaluations of suppliers from the three dimensions of quality, procurement and logistics on a monthly basis and divides them into four grades: A, B, C, and D. For suppliers who have been rated as grade C for three consecutive months, we will initiate improvement meetings with the suppliers and monitor the rectification results. In addition, we continue to improve the comprehensive capabilities of suppliers by regularly communicating with suppliers and formulating special training plans for them.

Business Ethics

In accordance with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China* and other laws and regulations, Megatronix has formulated the *Anti-Commercial Bribery Management System* to improve the anti-corruption compliance management framework. We have established an Anti-Commercial Bribery Committee, has straight paths of reporting channels such as reporting mailboxes, etc., strictly implements the confidentiality system for whistleblowers, and resolutely cracked down on violations of business ethics.

To strengthen the culture of integrity and self-discipline, we require all employees to sign the *Integrity and Self-discipline Agreement* and conducts business ethics training from time to time to guide employees to establish correct values and professional ethics. As of the end of December 2024, we have not encountered any lawsuits.

Public Welfare and Charity

Megatronix actively participates in community contribution and the causes of public welfare and charity, fulfills social responsibility with practical actions, creating value for the society. We attach great importance to the investment in education, and has become a title sponsor of the Alumni Conference Room of Tsinghua University, building a high-quality academic exchange venue for students. In addition, we encourage employees to actively participate in volunteer activities and convey love and warmth with personal strength. In 2024, we had a total donation of RMB 500,000.

INSURANCE

We are beneficiary of the property insurance purchased by our contract manufacturers, which covers potential risks and liabilities associated with our equipment and raw materials used in the manufacturing process.

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 also provide commercial medical insurance for our employees.

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. However, our insurance policies are subject to limitations. See "Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our business risks."

PROPERTIES

Our corporate headquarters is located in Beijing. As of the Latest Practicable Date, we leased nine properties in the PRC with an aggregate gross floor area of 10,364 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.

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 Listing Rules and section 6(2) of the Companies (Exemption of Companies and Document from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LEGAL PROCEEDINGS AND COMPLIANCE

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, financial condition, and results of operations".

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

According to our PRC Legal Adviser, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We are committed to developing and maintaining robust risk management and internal control systems tailored to our business operations, with a continuous focus on enhancing their effectiveness. We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

Financial Reporting Risk Management

Our financial reporting risk management includes a comprehensive set of accounting policies. We have established procedures to effectively implement these policies, and our financial department regularly reviews management accounts based on these procedures. Additionally, we provide ongoing training to our finance department employees to ensure they are well-versed in and can effectively apply our financial management and accounting policies in our daily operations.

Internal Control Risk Management

To ensure compliance with applicable regulations and internal standards, we have instituted stringent internal procedures. Our compliance team collaborates closely with the finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. We maintain rigorous internal procedures to secure all necessary licenses, permits, and approvals for our operations, with regular reviews by our internal control team to monitor the status and effectiveness of these authorizations. Our compliance team also coordinates with relevant departments to secure the necessary governmental approvals or consents for filings with appropriate authorities.

Human Resources Risk Management

We conduct regular and specialized training tailored to the diverse needs of our departments, ensuring that our staff's skills are current and aligned with our customer service objectives. We provide all employees with an employee handbook, approved by management, that outlines internal rules and guidelines on best commercial practices, work ethics, fraud prevention, negligence, and corruption. This handbook also includes resources to help employees understand and implement the guidelines.

Audit Committee Experience and Qualification and Board Oversight

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 Mr. Shi Kangping, Mr. Zhang Chen and Ms. Cui Jing. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management—Board Committees."

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all requisite licenses and permits, from the relevant government authorities that are material for our business operations in the PRC.

BOARD OF DIRECTORS

Upon **[REDACTED]**, the Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets out key information about our Directors:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Dr. Zhuang Li (莊莉)	47	Chairperson of the Board, executive Director, chief executive officer	August 2019[(1)]	August 21, 2018[(1)]	Oversee the overall strategies, business development, and operations of the Group
Mr. Tao Yiyang (陶憶陽)	51	Executive Director, chief financial officer	April 2025	June 23, 2025	Oversee the finance, investor relations, and strategic affairs of the Group
Mr. Li Siwei (李思維)	47	Executive Director, chief technology officer	May 2019	June 23, 2025	Oversee the technology development of the Group
Non-executive Director					
Ms. Cui Jing (崔婧)	41	Non-executive Director	June 2025	June 23, 2025	Provide strategic advice on the development of the Group
Independent Non-executive Directors					
Mr. Shi Kangping (施康平)	49	Independent non-executive Director	**[REDACTED]**	Appointed on June 23, 2025, with effect from **[REDACTED]**	Provide independent opinion and judgment to the Board
Mr. Zhang Chen (張晨)	61	Independent non-executive Director	**[REDACTED]**	Appointed on June 23, 2025, with effect from **[REDACTED]**	Provide independent opinion and judgment to the Board
Dr. Zhou Lidong (周禮棟)	53	Independent non-executive Director	**[REDACTED]**	Appointed on June 23, 2025, with effect from **[REDACTED]**	Provide independent opinion and judgment to the Board

Note:

(1) On August 21, 2018, Dr. Zhuang was appointed as a shareholder Director, until she officially joined the Group in August 2019 to assume the role of chief executive officer of the Company responsible for the day to day management of the Group.

Executive Directors

Dr. Zhuang Li (莊莉), aged 47, is our Founder, an executive Director, the Chairperson of the Board and our chief executive officer. Dr. Zhuang is in charge of overseeing the overall strategies, business development, and operations of the Group. Dr. Zhuang was appointed as a Director in August 2018, assumed the role of our chief executive officer in August 2019 and re-designated as an executive Director in June 2025.

Dr. Zhuang has over 20 years of experience in the technology industry, engineering, research and development, and corporate leadership. Such wealth of expertise and experience has been instrumental in driving the Group's strategic direction, technological advancements, R&D arenas, and corporate operations.

From July 2016 to June 2019, Dr. Zhuang served as the vice president of NIO Co., Ltd. (上海蔚來汽車有限公司), a subsidiary of NIO Inc., a company listed on the New York Stock Exchange (NYSE: NIO), the Stock Exchange (stock code: 9866.HK) and the Singapore Exchange (SGX: NIO), where she was primarily responsible for vehicle software development at software development department. From April 2015 to July 2016, Dr. Zhuang served as the vice president of engineering of Cheetah Mobile Inc. (獵豹移動公司), a company listed on the New York Stock Exchange (NYSE: CMCM), where she was primarily responsible for technical product development. From December 2013 to March 2015, Dr. Zhuang served as the director of personalized recommendations of Yahoo Inc., a company listed on NASDAQ (Nasdaq: YHOO), where she was primarily responsible for software development. From September 2008 to December 2013, Dr. Zhuang served as a researcher of Microsoft Research Asia, where she was primarily responsible for technology development.

Dr. Zhuang received a bachelor's degree in computer science and technology and a master's degree in computer application technology from Tsinghua University (清華大學) in the PRC in July 2000 and July 2002, respectively, and a doctorate in computer science from University of California, Berkeley in the United States in May 2008.

Dr. Zhuang is the member of Automotive Basic Software Sub-Committee, Intelligent Networked Vehicle Sub-Committee and Automotive Intelligent Cabin Sub-Committee of China Society of Automotive Engineers.

Mr. Tao Yiyang (陶憶陽), aged 51, is an executive Director and our chief financial officer. Mr. Tao is in charge of overseeing the finance, investor relations, and strategic affairs of the Group. Mr. Tao was appointed as the chief financial officer in April 2025 and an executive Director in June 2025.

Mr. Tao has over two decades of experience spanning investment banking and technology, having held senior roles at leading global financial institutions. From September 2015 to June 2022, Mr. Tao served various positions at Morgan Stanley, a company listed on the New York Stock Exchange (NYSE: MS), with the last position being managing director and head of China technology investment banking group. From December 2010 to September 2015, Mr. Tao served various positions at Barclays PLC, a company listed on the London Stock Exchange (LON: BARC), with the last position being director of Asia technology, media and telecom investment banking department. From August 2008 to October 2010, Mr. Tao served as an associate at the Asia technology, media and telecom investment banking department of Bank of America Merrill Lynch, the investment banking division of Bank of America Corporation, a company listed on the New York Stock Exchange (NYSE: BAC). From March 2000 to March 2007, Mr. Tao served as a software development lead at Microsoft Corporation, a company listed on NASDAQ (Nasdaq: MSFT).

Mr. Tao received a bachelor's degree in computer science from Peking University (北京大學) in the PRC in July 1997, a master's degree in computer science from University of Rochester in the United States in February 1999 and a master's degree in business administration from Harvard Business School in the United States in June 2008.

Mr. Li Siwei (李思維), aged 47, is an executive Director. Mr. Li has been our chief technology officer since May 2019 and is in charge of overseeing the technology development of the Group. Mr. Li was appointed as an executive Director in June 2025.

Mr. Li joined our Group in May 2019. Prior to joining our Group, Mr. Li has years of experience in software related technological innovation. From 2016 to 2019, Mr. Li held key positions such as Technical Director or chief technology officer at companies including Lerong Zhixin Electronic Technology (Beijing) Co., Ltd. (樂融致新電子科技(北京)有限公司), Renren Credit Management Co., Ltd. (人人信用管理有限公司) and Beijing Shu'anda Technology Co., Ltd. (北京數安達科技有限公司), successively. During this period, Mr. Li was responsible for overseeing the technical research and development. From 2011 to 2016, Mr. Li served as a technical architect at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司), a company listed on NASDAQ (Nasdaq: BIDU), and Beijing Funshion Online Technology Co., Ltd. (北京風行在線技術有限公司), successively. From 2003 to 2010, Mr. Li served as a software development engineer at Yongyou Network Technology Co. Ltd. (用友網絡科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600588.SH), Motorola (China) Technology Co., Ltd. (摩托羅拉(中國)技術有限公司) and Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司), successively. During this period, Mr. Li was responsible for important software feature development.

Mr. Li received a bachelor's degree in computer science and technology from Beihang University (北京航空航天大學) in the PRC in July 2000.

Non-executive Director

Ms. Cui Jing (崔婧), aged 41, was appointed as a non-executive Director in June 2025. Ms. Cui is primarily responsible for providing strategic advice on the development of the Company.

Since July 2024, Ms. Cui has been serving as the finance director of Nanshan Asset Management (南山資產管理(天津)有限公司), where she is primarily responsible for post-investment management of funds. From December 2021 to July 2024, Ms. Cui served as the director of compliance, risk control and fund operations at Tianye Capital (北京希望田野私募基金管理公司), where she was primarily responsible for the establishment of fund management companies, risk control and the overall operation of funds. From March 2016 to December 2021, Ms. Cui served as the head of risk control and operations at Lingfeng Capital (西藏領沨創業投資合夥企業(有限合夥)), where she was primarily responsible for fund operations and compliance matters. From July 2014 to March 2016, Ms. Cui worked in China National Nuclear Construction Group Zhongyuan Construction Co., Ltd. (中國核工業建設集團中原建設有限公司), where she was primarily responsible for financial affairs.

Ms. Cui received a bachelor's degree in business administration and marketing from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2006 and a master's degree in professional accounting from The University of Sydney in Australia in May 2009.

Ms. Cui obtained the China Fund Practitioner Qualification from the Asset Management Association of China (中國證券投資基金業協會) in November 2017.

Independent Non-executive Directors

Mr. Shi Kangping (施康平), aged 49, was appointed as an independent non-executive Director in June 2025, with effect from the **[REDACTED]**. Mr. Shi is primarily responsible for providing independent opinion and judgment to the Board.

Since September 2024, Mr. Shi has been serving as the chief financial officer of MDL Wholesale Limited (麥德龍供應鏈有限公司), responsible for finance and capital management. From June 2022 to August 2024, Mr. Shi served as the chief financial officer of Terminus Technology Group Co., Ltd. (特斯聯科技集團), overseeing financing, and accounting affairs. Mr. Shi has been an independent non-executive director of Guoquan Food (Shanghai) Co., Ltd. (鍋圈食品(上海)股份有限公司), a company listed on the Stock Exchange (stock code: 2517.HK), since October 2023. From November 2020 to June 2022, Mr. Shi served as the chief financial officer of Waterdrop Inc. (水滴公司), a company listed on the New York Stock Exchange (NYSE: WDH). From December 2018 to July 2023, Mr. Shi served as an independent non-executive director of Life Concepts Holdings Limited (生活概念控股有限公司), a company listed on the Stock Exchange (stock code: 8056.HK). From February 2018 to November 2020, Mr. Shi was the chief financial officer of Maoyan

Entertainment (貓眼娛樂), a company listed on the Stock Exchange (stock code: 1896.HK). From December 2016 to December 2017, Mr. Shi served as the chief financial officer at Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), a company listed on the Stock Exchange (stock code: 1833.HK). From September 2011 to December 2016, Mr. Shi held various positions at Baidu, Inc. (百度集團股份有限公司), a company listed on the Stock Exchange (stock code: 9888.HK) and on NASDAQ (Nasdaq: BIDU), with the last position being the director of its financial planning and analysis department. From July 2007 to September 2011, Mr. Shi served as a global finance manager in Microsoft Corporation, a company listed on NASDAQ (Nasdaq: MSFT). From January 2002 to July 2005, Mr. Shi worked at PricewaterhouseCoopers LLP (普華永道會計師事務所) with the last position being consulting department manager.

Mr. Shi received a bachelor's degree in accounting from School of Economics and Management of Tsinghua University (清華大學) in the PRC in June 1998 and a master's degree in business administration from Ross School of Business at the University of Michigan in the United States in April 2007. He has been a Chartered Professional Accountant of Canada since August 2000.

Mr. Zhang Chen (張晨), aged 61, was appointed as an independent non-executive Director in June 2025, with effect from the **[REDACTED]**. Mr. Zhang is primarily responsible for providing independent opinion and judgment to the Board.

Mr. Zhang has over 25 years of experience in software development and management. Since September 2024, Mr. Zhang has been serving as the chief operating officer with Qiji Zhifeng (奇績智峰). From October 2019 to February 2024, Mr. Zhang successively served as an executive vice president and the chief technology officer with Trip.com Group Limited (攜程集團有限公司), a company listed on the Stock Exchange (stock code: 9961.HK) and on NASDAQ (Nasdaq: TCOM). From March 2015 to June 2019, Mr. Zhang served at JD.com Inc. (京東集團股份有限公司), a company listed on the Stock Exchange (stock code: 9618.HK) and on NASDAQ (Nasdaq: JD) with his last position being a senior vice president and the chief technology officer. From 1997 to 2015, Mr. Zhang worked at Yahoo Inc, a company listed on NASDAQ (Nasdaq: YHOO), where he was primarily responsible for the development of Yahoo Messenger. Mr. Zhang's last position was the president of the global research and development center of Yahoo Beijing, where he was responsible for the development of many of Yahoo's core global products, including its science driven advertising and personalization platforms, as well as its mobile and cloud platforms.

Mr. Zhang received a bachelor's degree in computer science from East China Normal University (華東師範大學) in July 1986 and a master's degree in computer science from Indiana University Bloomington in the United States in June 1991.

Dr. Zhou Lidong (周禮棟), aged 53, was appointed as an independent non-executive Director in June 2025, with effect from the **[REDACTED]**. Dr. Zhou is primarily responsible for providing independent opinion and judgment to the Board.

Currently, Dr. Zhou is a corporate vice president of Microsoft Corporation ("**Microsoft**"), a company listed on NASDAQ (Nasdaq: MSFT). In the meantime, Dr. Zhou holds multiple positions within Microsoft, including chief scientist of Microsoft Asia Pacific R&D Group and managing director of Microsoft Research space Asia. Dr. Zhou is responsible for the lab's overall research and development activities, as well as collaborations with academic and industrial partners in the Asia Pacific region.

Dr. Zhou joined Microsoft in 2002 and has held key positions in multiple departments since then, including a researcher of Microsoft Research's Silicon Valley Lab, a principal researcher of Redmond Lab, a research manager of the Systems Research Group and an assistant managing director of Asia Lab. Besides, Dr. Zhou was appointed as the managing director of Microsoft Research Asia in 2021.

Dr. Zhou received a bachelor's degree in computer science from Fudan University (復旦大學) in the PRC in July 1993 and a doctorate degree in computer science from Cornell University in the United States in May 2001.

Dr. Zhou is a Fellow of the Institute of Electrical and Electronics Engineers from January 2019 and the Association for Computing Machinery from December 2019.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Dr. Zhuang Li (莊莉)	47	Chairperson of the Board, executive Director, chief executive officer	August 2019	August 22, 2019	Oversee the overall strategies, business development, and operations of the Group
Mr. Tao Yiyang (陶憶陽)	51	Executive Director, chief financial officer	April 2025	April 15, 2025	Oversee the finance, investor relations, and strategic affairs of the Group
Mr. Li Siwei (李思維)	47	Executive Director, chief technology officer	May 2019	May 5, 2019	Oversee the technology development of the Group

For the biographical details of Dr. Zhuang, Mr. Tao Yiyang, and Mr. Li Siwei, see "—Board of Directors—Executive Directors" above.

GENERAL

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Lu Yaoqi (盧瑤琪) was appointed as a joint company secretary of our Company in June 2025. Ms. Lu joined our Company in April 2019 and has been serving as the senior business director since then, responsible for business coordination, administrative affairs and financing matters of our Company.

Prior to joining our Company, Ms. Lu held various positions in different companies. From September 2016 to April 2019, she served as the senior executive assistant at NIO Co., Ltd. (上海蔚來汽車有限公司), overseeing daily administrative affairs of the software development department, and managing operational matters of the advanced intelligent systems department. From January 2013 to August 2016, she served as the secretary to the general manager and office director at Chang'e Benyue Aerospace Technology (Beijing) Co., Ltd. (嫦娥奔月航天科技(北京)有限責任公司), overseeing the overall administrative affairs of the company.

Ms. Lu received a bachelor's degree in English from Beijing Language and Culture University in July 2010.

Mr. Li Kin Wai (李健威) was appointed as a joint company secretary of our Company in June 2025. Mr. Li serves as a senior manager of corporate services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. He has over 10 years of experience in the field of corporate secretary.

Mr. Li is a chartered secretary and an associate member of The Hong Kong Charted Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant laws and regulations and the Corporate Governance Code, our Company has formed three Board committees, 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 Mr. Shi Kangping, Mr. Zhang Chen and Ms. Cui Jing. Mr. Shi Kangping holds the appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. Mr. Shi Kangping serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Dr. Zhou Lidong, Mr. Zhang Chen and Dr. Zhuang. Dr. Zhou Lidong serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board;
- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;
- supporting the Company's regular evaluation of the Board's performance;
- dealing with other matters that are authorized by our Board;
- assessing each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM

and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience; and

- supporting the Company's regular evaluation of the Board's performance.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Mr. Zhang Chen, Dr. Zhou Lidong and Dr. Zhuang. Mr. Zhang Chen serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- dealing with other matters that are authorized by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 18, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB2.32 million, RMB2.21 million, and RMB2.22 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB3.31 million.

The total amount of remuneration of our five highest paid individuals (who is neither a Director nor chief executive of our Company) amounted to RMB5.90 million, RMB5.80 million and RMB4.87 million for the years ended December 31, 2022, 2023 and 2024, respectively.

In 2024, we paid one of the highest paid individuals (who is neither a Director nor chief executive of our Company) approximately RMB0.3 million as compensation for the loss of office. Save as disclosed above, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries during the Track Record Period.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, 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 chief executive should be separate and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Dr. Zhuang currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer 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 chairperson of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, length of service, taking into account the professional qualifications and work experience, existing directorships of issuers listed on the Stock Exchange and other significant external time commitments of such candidate and other factors or circumstances relevant to such candidate's character, integrity, independence and experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. Pursuant to our board diversity policy, we aim to continue to have at least 10% female representation in the Board and the current composition of the Board satisfies this target gender ratio with two female Directors. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. The Board will take opportunities to increase the proportion of female members of the Board over time and ensure that an appropriate balance of gender diversity is achieved with reference to the expectations of shareholders and international and local recommended best practices. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the **[REDACTED]**, our Nomination Committee will examine the board diversity policy (including progress towards the Company's objectives and how the Company has arrived at its conclusion on the results of the review) from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 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 our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) 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

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan), the exercise of the voting rights attached to 107,972,688 Shares, representing approximately **[REDACTED]**% of our total issued Shares will be controlled by Dr. Zhuang. AIZL Holdings Limited, which will hold **[REDACTED]**% of our total issued Shares, is owned as to (i) 38% by Jade & Roc Limited, a company incorporated in the BVI, which in turn wholly owned by Trident Trust Company (HK) Limited, acting as the trustee for the A&A Family Trust; and (ii) 62% by Dr. Zhuang. MJXY Holdings Limited, which will hold **[REDACTED]**% of our, total issued Shares is wholly owned by Jade & Roc Limited. Accordingly, Dr. Zhuang, AIZL Holdings Limited and MJXY Holdings will together be the Controlling Shareholders of our Company after the **[REDACTED]**.

A&A Family Trust is a family trust arrangement formed for the benefit of Dr. Zhuang's family members, instead of an entity with legal rights or authority to directly or indirectly exercise the voting rights of the Company. Trident Trust Company (HK) Limited is a professional trust administrator for A&A Family Trust and is independent from Dr. Zhuang. Jade & Roc Limited is a company established by Trident Trust Company (HK) Limited to act as its nominee to hold the interests of our Company involved under the A&A Family Trust. This is a trust structure commonly adopted by professional trust administrators such as Trident Trust Company (HK) Limited. Dr. Zhuang is not a director of Jade & Roc Limited and she will not be involved in the daily operation of Jade & Roc Limited. Instead, according to the articles of association of Jade & Roc Limited, the right to appoint or remove a director is vested with Trident Trust Company (HK) Limited and its directors, which are independent from Dr. Zhuang. Therefore, notwithstanding the presence of family trust arrangement under the A&A Family Trust, Dr. Zhuang does not have any actual control over Jade & Roc Limited, and each of Trident Trust Company (HK) Limited and Jade & Roc Limited is solely used for administrative purposes with a view to facilitating the management of A&A Family Trust. As a result, none of Jade & Roc Limited, Trident Trust Company (HK) Limited or A&A Family Trust constitutes a controlling shareholder of our Company.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the **[REDACTED]**.

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for carrying out our businesses. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. For details, see "Directors and Senior Management."

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders (which include Dr. Zhuang as an executive Director) and their respective close associates for the following reasons:

(a) all members of the Board and senior management other than Dr. Zhuang are independent from the Controlling Shareholders and their respective close associates. They have substantial experience in the industry as further described in "Directors and Senior Management", which will enable them to discharge their duties independently from the Controlling Shareholders;

(b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(d) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a financial department independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling shareholder and their respective close associates. During the Tack Record Period and as of the Latest Practicable Date, we had received the Pre-**[REDACTED]** Investments from third party investors independently. For details of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure". As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following corporate governance measures to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing more than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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

SHARE CAPITAL

Immediately before the Conversion, and the Global **[REDACTED]**, the authorized and issued share capital of our Company is as follows:

Authorized share capital	Number of Shares	Aggregate nominal value of Shares
(of a par value of US$0.0001 each)		*(US$)*
Ordinary Shares	358,389,166	35,838.9166
Series Seed Preferred Shares	20,000,000	2,000.0000
Series A Preferred Shares	23,463,687	2,346.3687
Series B Preferred Shares	29,795,158	2,979.5158
Series C Preferred Shares	40,844,195	4,084.4195
Series D Preferred Shares	9,033,774	903.3774
Series D+ Preferred Shares	18,474,020	1,847.4020
Total	**500,000,000**	**50,000.0000**

Issued share capital	Number of Shares	Aggregate nominal value of Shares
(of a par value of US$0.0001 each)		*(US$)*
Ordinary Shares	107,972,688	10,797.2688
Series Seed Preferred Shares	20,000,000	2,000.0000
Series A Preferred Shares	23,463,687	2,346.3687
Series B Preferred Shares	29,795,158	2,979.5158
Series C Preferred Shares	40,844,195	4,084.4195
Series D Preferred Shares	9,033,774	903.3774
Series D+ Preferred Shares	9,661,071	966.1071
Total	**240,770,573**	**24,077.0573**

Immediately prior to the **[REDACTED]**, each of the Preferred Shares will be automatically converted into ordinary Shares on a one-to-one basis by way of re-designation and re-classification.

Assuming the **[REDACTED]** is not exercised and no Shares are issued under the Pre-**[REDACTED]** Option Plan, the issued share capital of our Company immediately following the completion of the **[REDACTED]** will be as follows:

Issued share capital		*(US$)*
(of a par value of US$0.0001 each)		
Shares in issue immediately following the completion of the Conversion and before the **[REDACTED]** [(1)]	240,770,573	24,077.0573
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**

Assuming the **[REDACTED]** is exercised in full and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan, the issued share capital of our Company immediately following the completion of the **[REDACTED]** will be as follows:

Issued share capital		*(US$)*
(of a par value of US$0.0001 each)		
Shares in issue immediately following the completion of the Conversion and before the **[REDACTED]** (1)	240,770,573	24,077.0573
Shares to be issued under the **[REDACTED]** and the **[REDACTED]** (2)	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The number of Shares held assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis

(2) Assuming a total of **[REDACTED]** Shares will be issued upon exercise of the **[REDACTED]** in full.

The above tables assume that the **[REDACTED]** becomes unconditional, and the Shares are issued pursuant to the **[REDACTED]**. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

SHARE INCENTIVE SCHEME

The Company has adopted the Pre-**[REDACTED]** Option Plan. See "Statutory and General Information— Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document.

RANKING

The **[REDACTED]** will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this Document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

After completion of the **[REDACTED]**, our Company will have only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Articles, our Company may by special ordinary resolution (a) increase its share capital by new Shares of such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares; (c) subdivide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; or (d) cancel Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled or, in the case of Shares without par value, diminish the number of Shares into which its capital is divided. In addition, our Company may by special resolution reduce its share capital subject to the Cayman Companies Act.

See "Summary of the Constitution of the Company and Cayman Islands Company Law — 2 Articles of Association" in Appendix III to this Document for further details.

GENERAL MANDATE TO (I) ISSUE SHARES AND (II) SELL AND/OR TRANSFER TREASURY SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors [have been] granted a general mandate to (i) allot, issue and deal with any Shares or securities convertible into Shares, and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following completion of the **[REDACTED]** (excluding (i) the additional Shares which may be issued pursuant to the exercise of the **[REDACTED],** (ii) the Shares to be issued pursuant to the Pre-**[REDACTED]** Option Plan, and (iii) treasury shares, if any); and

- the aggregate nominal value of Shares repurchased by the Company under the authority referred to in the paragraph headed "—General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares and sell and/or transfer treasury shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors [have been] granted a general unconditional mandate, to exercise all the powers of our Company to repurchase our own shares with nominal value of up to 10% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** (excluding (i) the additional Shares which may be issued pursuant to the exercise of the **[REDACTED]**, (ii) the Shares to be issued pursuant to the Pre-**[REDACTED]** Option Plan, and (iii) treasury shares, if any).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information — Further Information about our Company — Repurchases of Our Own Securities" in Appendix IV to this Document.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See "Statutory and General Information — Further Information about Our Company — Resolutions of Our Shareholders" in Appendix IV to this Document for further details of the repurchase mandate.

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** and assuming the **[REDACTED]** is not exercised and no Shares are issued under the Pre-**[REDACTED]** Option Plan, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will, directly or indirectly, be interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	**Capacity/Nature of interest**	**Number of Shares/ underlying shares held as of the Latest Practicable Date**[(1)]	**Approximate percentage of interest in our Company as of the Latest Practicable Date**	**Approximate percentage of interest in our Company immediately after the completion of the [REDACTED]**[(2)]
Dr. Zhuang[(3)]	Interest in controlled corporations and founder of a discretionary trust	107,972,688	44.85%	**[REDACTED]**
	Beneficial interest	12,500,000	5.19%	**[REDACTED]**
Trident Trust Company (HK) Limited[(3)]	Trustee	107,972,688	44.85%	**[REDACTED]**
Jade & Roc Limited[(3)]	Interest in controlled corporations	107,972,688	44.85%	**[REDACTED]**
AIZL Holdings Limited[(3)]	Beneficial interest	90,383,613	37.54%	**[REDACTED]**
MJXY Holdings Limited[(3)]	Beneficial interest	17,589,075	7.31%	**[REDACTED]**
He Jia[(4)]	Interest in controlled corporations	40,794,236	16.94%	**[REDACTED]**
Nanshan Xingyu Holding Limited[(4)]	Beneficial interest	40,794,236	16.94%	**[REDACTED]**
Xu Shi[(5)]	Interest in controlled corporations	27,452,737	11.40%	**[REDACTED]**
Yang Haoyong[(5)]	Interest in controlled corporations	27,452,737	11.40%	**[REDACTED]**
HIKE Capital L.P.[(5)]	Beneficial interest	25,507,775	10.59%	**[REDACTED]**
David Wenda Yuan[(6)]	Interest in controlled corporations	22,692,644	9.43%	**[REDACTED]**
ACE Redpoint Ventures China I, L.P.[(6)]	Beneficial interest	17,573,647	7.30%	**[REDACTED]**
Zhang Yu[(7)]	Interest in controlled corporations	18,538,408	7.70%	**[REDACTED]**
TH EDU Capital Fund ILP[(7)]	Beneficial interest	17,504,655	7.27%	**[REDACTED]**

Notes:

(1) The number of Shares held assumes that all of the Preferred Shares have been converted into the Shares on a one-to-one basis.

(2) The table above assumes (i) the completion of the **[REDACTED]**; (ii) the **[REDACTED]** is not exercised; and (iii) no Shares are issued under the Pre-**[REDACTED]** Share Option Plan.

(3) AIZL Holdings Limited is held as to: (1) 62% by Dr. Zhuang, and (2) 38% by Jade & Roc Limited, which is wholly owned by Trident Trust Company (HK) Limited, as the trustee for the A&A Family Trust. A&A Family Trust is the family trust established by Dr. Zhuang as the settlor for the benefit of Dr. Zhuang's family members. MJXY Holdings Limited is wholly owned by Jade & Roc Limited. Therefore, each of Dr. Zhuang, Trident Trust Company (HK) Limited and Jade & Roc Limited is deemed to be interested in the Shares held by AIZL Holdings Limited and MJXY Holdings Limited under the SFO.

(4) Nanshan Xingyu Holding Limited is wholly owned by Shanghai Nanshan Xing Enterprise Management Center (Limited Partnership) (上海南山星企業管理中心(有限合夥)) ("**Shanghai Nanshanxing**"). Shanghai Nanshanxing is held as to: (1) approximately 0.01% by Nanshan Asset Management (Tianjin) Co., Ltd. (南山資產管理(天津)有限公司) ("**Nanshan Asset Management**"); and (2) approximately 48.50% by Suzhou Nanshan Xing rui Venture Investment Partnership Enterprise (Limited Partnership) (蘇州南山星睿創業投資合夥企業(有限合夥)) ("**Suzhou Nanshanxingrui**"), whose general partner is Nanshan Asset Management, and none of limited partners hold more than one third partnership interest. Nanshan Asset Management is wholly owned by He Jia. Therefore, each of Shanghai Nanshanxing, Nanshan Asset Management, Suzhou Nanshanxingrui and He Jia is deemed to be interested in the Shares held by Nanshan Xingyu Holding Limited under the SFO.

(5) HIKE Capital L.P. is held as to: (1) 1% by HIKE Capital Inc. as the general partner; and (2) 99% by Trinityville Profit Limited as the limited partner. HIKE Capital Inc. is held as to: (1) 50% by ShiningBay Holdings Limited, which is wholly owned by Xu Shi; and (2) 50% by Trinityville Profit Limited. Trinityville Profit Limited is wholly owned by Sunshine Spring Limited, which is ultimately controlled by Yang Haoyong. HIKE Capital III L.P. is held as to: (1) no partnership interests by HIKE Capital III Inc. as the general partner; and (2) 12 limited partners. HIKE Capital III Inc. is in turn ultimately controlled by ShiningBay Holdings Limited and Trinityville Profit Limited. Therefore, each of HIKE Capital Inc., ShiningBay Holdings Limited, Trinityville Profit Limited, Sunshine Spring Limited, Xu Shi and Yang Haoyong is deemed to be interested in the Shares held by HIKE Capital L.P. and HIKE Capital III L.P. in our Company under the SFO.

(6) Under the SFO, David Wenda Yuan is deemed to be interested in the Shares held by each of ACE Redpoint Ventures China I, L.P., ACE Redpoint Opportunity China, L.P., ACE Redpoint Associates China I, L.P., ACE Redpoint China Strategic I, L.P., and ACE Redpoint Opportunity Associates on the following ground:

ACE Redpoint Ventures China I, L.P.'s general partner is ACE Redpoint Ventures China I GP, L.P. owning 1 % of the interest, and its ultimate beneficial owner is David Wenda Yuan, our former Director. None of the 26 limited partners of ACE Redpoint Ventures China I, L.P. holds 30% or more interest therein.

ACE Redpoint Opportunity China, L.P.'s general partner is ACE Redpoint Opportunity China GP, L.P. owning 1% of the interest, of which the ultimate beneficial owner is David Wenda Yuan. None of the 55 limited partners of ACE Redpoint Opportunity China, L.P. holds 30% or more of interest therein.

ACE Redpoint Associates China I, L.P.'s general partner is ACE Redpoint Ventures China I GP, Ltd. owning no interest therein, of which the ultimate beneficial owner is David Wenda Yuan. None of the 18 limited partners of ACE Redpoint Associates China I, L.P. holds 30% or more interest therein.

ACE Redpoint China Strategic I, L.P.'s general partner is ACE Redpoint Ventures China I GP, L.P. owning no interest therein, of which the ultimate beneficial owner is David Wenda Yuan, our former Director. None of the 8 limited partners of ACE Redpoint China Strategic I, L.P. holds 20% or more of interest therein.

ACE Redpoint Opportunity Associates's general partner is ACE Redpoint Ventures China II GP, Ltd. owning no interest therein, and its ultimate beneficial owner is David Wenda Yuan, our former Director. Among the 13 limited partners of ACE Redpoint Opportunity Associates China, L.P., none of the limited partners thereof holds one third or more partnership interest therein.

(7) TH EDU Capital Fund I LP is held as to approximately 4.03% by Transcendence capital as the general partner, and none of limited partners hold more than one third voting power in TH EDU Capital Fund I LP. Zhang Yu controls voting power of Transcendence capital. Shanghai Muhua Jinyu Equity Investment Management Partnership (Limited Partnership) (上海慕華金譽股權投資管理合夥企業(有限合夥)) is the general partner of Suzhou Muhua Equity Investment Partnership (Limited) (蘇州慕華股權投資合夥企業(有限合夥) ("**Suzhou Muhua**") and Anhui Muhua I Equity Investment Partnership (Limited) (安徽慕華一號股權投資合夥企業(有限合夥)) ("**Anhui Muhua**"), whose general partner is Shanghai Huayu Equity Investment Management Co. Limited (上海樺玉股權投資管理有限公司) ("**Shanghai Huayu**"). Zhang Yu holds approximately 99% equity interest in Shanghai Huayu. Therefore, Zhang Yu is deemed to be interested in the Shares held by TH EDU Capital Fund I LP under the SFO, and Zhang Yu is also deemed to be interested in the Shares held by Suzhou Muhua and Anhui Muhua under the SFO.

Save as disclosed above and "Statutory and General Information – Further Information about our Directors and Substantial Shareholders" in Appendix IV to this Document, our Directors are not aware of any person who will, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** and the outstanding options under the Pre-**[REDACTED]** Option Plan are not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountant's Report set out in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading, innovation-driven automotive technology company, committed to redefining the future of mobility. We focus on developing and delivering AI-powered integrated domain control solutions that enable automakers to build the next generation of software-defined vehicles.

We believe we have successfully tackled the so-called Feature-Performance-Cost (FPC) Trilemma—a fundamental obstacle to progress in developing the next generation of intelligent connected vehicles, and cost efficiency and turned it into an opportunity. Our proprietary solutions seamlessly blend advanced features, high system performance, and cost efficiency—all without compromise—enabling automakers to cost-effectively transform smart cockpit from concept to reality.

We have experienced strong growth since 2022 when the first vehicle equipped with our solutions reached mass-production. Today, our solutions have been deployed across a wide range of vehicles from leading OEMs, including Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. In 2024, our solutions powered one in approximately every ten new vehicles in China equipped with a smart cockpit domain control system—a testament to the trust OEMs place in us and our solutions' proven quality and scalability. Building on this momentum, we are expanding both our domestic market share and our global footprint. Backed by our strong technology, robust product capabilities, and proven track record in China, we are partnering with international OEMs to bring our solutions to new markets worldwide. By the end of 2025, we expect to see our technology deployed in more than 40 countries and regions. This rapid expansion not only highlights the universal power of our approach to the FPC Trilemma but also reinforces our position as a trusted partner to OEMs building the next generation of software-defined vehicles for tomorrow.

BASIS OF PRESENTATION AND PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of convertible redeemable preferred shares, other financial liabilities at fair value through profit or loss, and financial assets at fair value through profit or loss ("**FVPL**"). The preparation of the historical financial information in conformity with IFRS requires the use of certain material accounting policy information and estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 4 of the Accountant's Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The performance and prospects of our business are subject to a variety of critical factors that affect our ability to capture growth opportunities within our total addressable market. These factors include:

- The growth, advancement and market acceptance of smart vehicle technologies, both in China and globally.
- The competitive landscape in the integrated domain control solutions market, both in China and globally.
- Governmental policies, incentives, and regulations that influence the adoption and development of smart vehicle solutions, particularly in the domain control system platform solutions segment.
- Macroeconomic conditions and passenger vehicle market dynamics.

We believe our results of operations are also affected by the following company-specific factors:

Driving sustained growth through our technology-first DNA

Our financial performance is influenced by our ability to drive technology innovations.

From day one, we have believed that sustained leadership in AI and system architecture is the most critical engine for driving long-term business and financial growth. Our deep investments in proprietary AI algorithms, domain control systems, and modular software architectures form the backbone of our competitiveness in the era of software-defined vehicles.

This relentless focus on innovation has directly powered our commercial success. Our technological leadership enables us to differentiate our solutions and command premium pricing. AI-driven solutions with seamless software-hardware integration typically deliver stronger competitiveness than standardized offerings. This advantage is critical to sustaining profitability as the industry becomes increasingly competitive.

We are also deeply effective at translating advanced research into real-world impact. Our ability to move from concept to commercial deployment—quickly, seamlessly, and at scale—has enabled us to secure high-volume design-wins with OEMs. These design-wins not only validate our technology, but also create recurring revenue streams and long-term business visibility.

Beyond product performance, our modular architecture has transformed how we innovate. By designing solutions as standardized, reusable modules, we maximize software reuse, compress development cycles, and enable lean, agile teams to deliver large-scale impact. This approach reduces per-unit development costs, accelerates time-to-market, and unlocks operating leverage, giving us a compounding first-mover advantage with each successful deployment.

Lastly, our technology leadership strengthens our adaptability and long-term resilience. By staying ahead of evolving standards and customer needs, we are well-positioned to adapt our solutions to meet evolving OEM demands, sustain our revenue growth, defend our market position, and deliver consistent financial performance over time.

Delivering high-quality solutions—fast, and tailored to customer needs

Our financial performance depends on our ability to innovate and deliver solutions that not only meet but anticipate the evolving customer needs. The strength of our solutions reflected in their technical sophistication, reliability, and real-world performance has been fundamental to winning and expanding strategic collaborations with a broad range of customers.

We offer a broad and growing portfolio of *Smart Cockpit + X* solutions that enable us to serve a wide range of vehicle platforms and use cases. This breadth expands our commercial opportunities and allows us to capture revenue across a larger number of model development projects and customer engagements.

Our product development strategy is built on an AI-enabled modular architecture that enables us to rapidly develop, customize, and scale solutions across multiple vehicle models. This modular approach allows us to reuse a significant portion of our software modules without starting from scratch for every design-win, substantially reducing development cycles from the industry average of more than one year according to Frost & Sullivan to as little as six to nine months. Additionally, our high level of customization capability—especially in high-complexity design-wins—also represents a key differentiator. Many of our solutions are deeply integrated into customers' systems and tailored to unique vehicle specifications, which creates a meaningful technical barrier to entry and reinforces customer stickiness. Over time, our ability to repeatedly deliver such tailored solutions has strengthened our reputation as a trusted innovation partner to OEMs. Together, these capabilities not only enable us to win business in the near term, but also position us for sustained success over the long term.

Deepening relationships with existing customers and acquiring new customers

We derive our revenue from sales of our integrated domain control solutions to our customers. Accordingly, our ability to cultivate long-term partnerships with existing customers—and to secure design-wins and expand model coverage among them—is a critical driver of our financial performance.

Over the past few years, we have expanded our customer base from primarily domestic OEMs to include joint ventures and leading international automakers, reflecting our growing reputation for delivering cutting-edge, reliable solutions that meet the evolving demands of the automotive intelligence market. By the end of 2024, we were collaborating with a diverse group of OEMs from China, East Asia, and the United States. Our current customers include some of the industry's most respected brands, such as Chery, Changan, Dongfeng, Changan Mazda, Nissan and Ford. Many of the models equipped with our solutions have become top sellers in their respective segments.

Our ability to deepen relationships with existing customers is demonstrated by our increasing wallet share within key accounts. For example, our partnership with Changan's Deepal brand evolved from initial supply on the Deepal SL03 model to broader deployments across additional models including the L07, S7 and S07, which reflects our ability to leverage early wins into expanded business opportunities. Our *Smart Cockpit + Parking* integrated solution, which achieved mass production on Dongfeng's eπ 008 model in 2024, serves as another example of how our expertise in high-complexity, accelerated-development design-wins position us as a preferred partner for OEMs for strategic initiatives. Our solution has gained growing penetration over the years, as evidenced by an increase of our combined wallet share with top five customers of 2024 from 1.2% in 2022 to 12.7% in 2024. This growth reflects the expanding adoption of our solutions across both existing and new vehicle platforms. As our customers continue to integrate our technology into their next-generation vehicles, we expect these partnerships to deepen even further—driving higher repurchase rates and reinforcing our role as a trusted, strategic technology partner.

We believe that our design-win pipeline is a key indicator of our ability to secure future revenue growth. As of December 31, 2024, we had secured 48 design-wins across multiple OEMs, compared to 26 design-wins as of December 31, 2023 and 15 design-wins as of December 31, 2022. This consistent upward trajectory reflects not only the growing technical competitiveness of our solutions but also the trust OEMs place in our capabilities.

Looking forward, our ability to maintain and grow our customer base—by deepening our engagement with existing OEMs and expanding into new markets—will be critical to sustaining our growth trajectory. We aim to leverage our modular architecture, rapid development cycles, and proven execution capabilities to deliver compelling value propositions to OEMs. By continuing to build trust through reliable delivery, innovative solutions, and collaborative partnerships, we believe we are well-positioned to capture incremental wallet share and strengthen our market leadership.

Managing costs, operating expenses and working capital effectively

Effective cost management is essential to maintaining healthy margins and supporting sustainable growth in a highly competitive industry. Our costs primarily consist of hardware material costs and personnel costs. Our arrangement with contract manufacturers provides us with flexibility and scalability, enabling us to expand our business efficiently while avoiding large capital expenditures that would be required to build and operate our own manufacturing facilities. This strategy also allows us to focus our internal resources on high-value activities such as software innovation, AI-driven R&D, and system-level integration. As our business continues to scale, we expect to continue to incur substantial hardware materials costs, which may fluctuate based on customer demand, product mix, and the timing of production ramp-ups and new model launches.

Operating expenses represent a key area of focus as we continue to scale our business. We expect continued expansion of our customer base, including joint venture brands and international OEMs, which will require additional resources to support business development, customer engagement, and design-win management. While we anticipate an increase in the absolute amount of selling and marketing expenses, we expect the growth rate of these expenses to remain below our revenue growth rate. Similarly, administrative expenses are expected to grow as we refine and scale our organizational infrastructure to support larger operations, though we anticipate that the growth rate of such expenses will remain lower than our revenue growth rate, further supporting operating leverage. In terms of R&D expenses, the proportion of R&D expenses relative to revenue declined in 2023, primarily due to strong revenue growth during the year. In 2024, we expect a slight increase in the R&D expenses as a percentage of our total revenue as we strategically invest in AI-driven innovation to maintain our technology leadership and address the growing demands of OEM customers for increasingly sophisticated solutions. While the absolute amount of R&D expenses may increase to support the development of more AI-enabled applications and integrated domain control solutions, our modular product architecture and efficient development processes allow us to manage these costs effectively. We expect the growth rate of R&D expenses to remain below the growth rate of revenue, enabling us to sustain margin expansion while ensuring we remain at the forefront of technological innovation.

Effective working capital management is also critical to supporting our day-to-day operations and funding our growth. We typically extend credit terms to our customers in line with industry practice, resulting in a significant trade receivables balance at the end of each period. At the same time, we often need to pre-purchase key components, such as chips and other key components—to secure supply continuity and align with production schedules. This results in a natural working capital gap between cash outflows for procurement and cash inflows from customer payments. To manage this, we closely monitor our procurement plans, production schedules, and accounts receivable collection efforts to improve cash conversion efficiency. Proactively managing our working capital and following industry norm, we also seek to align supplier payment terms with those of our customers through back-to-back arrangements, thereby reducing the timing mismatch between payables and receivables. See "—Discussion of Selected Items from the Consolidated Balance Sheets—Liabilities—Trade Payables." Our ability to optimize inventory turnover and shorten receivables collection cycles directly impacts our operating cash flow, business expansion, and other strategic initiatives.

Seasonality

Our financial performance is subject to seasonal fluctuations that align with automotive production and sales cycles. Revenue typically trends lowest in the first quarter of the year, primarily due to OEMs' production schedules and temporary slowdowns around the Chinese New Year holiday period. Revenue generally increases through the second and third quarters as OEMs ramp up vehicle production to meet annual targets and prepare for model year launches, culminating in a peak during the fourth quarter. This seasonality also affects working capital dynamics, as higher production levels in the second half of the year often lead to increased inventory and trade receivables balances, which may temporarily impact our cash flow and liquidity.

KEY OPERATING DATA

The following table set forth our key operating data as of the dates and for the periods indicated.

	As of / for the year ended December 31,		
	2022	2023	2024
Number of OEM customers[1]	7	10	12
Cumulative number of design-wins[2]	15	26	48
New design-wins[2]	8	11	23
Delivery volume (in units)[3]	120,106	637,980	634,337

Notes:

(1) The number of "OEM customers" for a given period refers to the number of OEMs that have purchased our solutions and, in the event an OEM purchases our solutions through one or more designated Tier-1 suppliers, such OEM, during that period.

(2) A "design-win" occurs when an OEM—or its designated Tier-1 supplier—selects our solution for integration into the development of a new vehicle model. Once selected, the solution typically undergoes a comprehensive validation process, including testing for performance, safety, and quality, before entering mass production. The "cumulative number of design-wins" as of a given date refers to the total number of design-wins we have secured since our inception through that date, excluding any that were later canceled or discontinued.

(3) "Delivery volume" for a given period represents the number of integrated smart domain controllers embedded with our solutions that were delivered to OEMs during that period for integration into mass-production vehicles.

In 2024, our delivery volume declined slightly compared to 2023, primarily due to the one-time impact from our strategic decision to discontinue relationship with the Early OEM End-customer—where we supplied basic domain controllers, as opposed to our integrated smart domain controllers—that we determined was no longer aligned with our long-term development objectives. For more information about this "Early OEM End-customer," see "Business—Our Customers— Major Customers—The Early OEM End-customer." Although this decision had a one-time impact on our delivery volume and revenue, it was part of our broader strategy to redirect resources toward customer engagement and design-wins that are better aligned with our long-term strategies. This proactive shift has quickly generated positive results, as evidenced by an increase of our gross profit margin from 12.1% in 2023 to 21.8% in 2024.

For the above reasons, we believe that excluding the contributions from such discontinued relationship better reflects the trajectory of businesses that align with our long-term strategies and provides more meaningful insights into our future business and financial performance. The table below sets forth our key operating data, after excluding the contribution from such discontinued relationship.

	For the years ended December 31,		
	2022	2023	2024
Delivery volume (in units, excluding the contributions from the discontinued relationship with the Early OEM End-customer)	38,421	236,033	609,983
Year-over-year change (%)	N/A	514.3	158.4
Revenue (RMB in millions, excluding the contributions from the discontinued relationship with the Early OEM End-customer)	146	628	1,359
Year-over-year change (%)	N/A	329.2	116.3

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by IASB. In addition, the Historical Financial Information includes 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.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies included in the Accountant's Report set out in Appendix I to this Document.

In the application of our accounting policies, the Directors are required to make judgments, 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 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.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue

We provide *Smart Cockpit + X* solutions and components to original equipment manufacturers, which designs, develops, and manufactures of passenger vehicles ("**OEMs**") and supplier of OEMs in connection with their production of passenger vehicles ("**Supplier of OEMs**").

Smart Cockpit + X solutions and components are recognized at a point in time when the solutions or the components are accepted by the customers.

Revenue from *Smart Cockpit + X* solutions may involve variable consideration arrangement which depends on the quantity of smart cockpit components delivered to OEMs or to Supplier of OEMs. Management makes best estimate of the transaction price with variable consideration, which would not include any estimated amounts of variable consideration that are constrained.

We normally grant the customers a credit period typically ranging from 30 days to 90 days based on the assessed credit worthiness of the customers. Contract liabilities are recognized when advance payments are received but revenue has not yet been recognized.

Sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, we account for warranties in accordance with IAS 37 and provide warranty provision based on historical experience and management best estimate. Warranty provision is updated at each period.

All *Smart Cockpit + X* solutions are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Equity-settled share-based payment transactions

Shares granted to employees

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. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognized in share-based payment reserve will be transferred to retained profits.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a 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.

Fair value measurement of financial liabilities at FVTPL

As of December 31, 2022, 2023 and 2024, our preferred shares amounting to RMB1,747.4 million, RMB1,967.1 million and RMB2,082.1 million, respectively, are measured as financial liabilities at FVTPL, which is determined using Black-Scholes option pricing model with significant unobservable inputs used. Judgement and estimation are required in establishing the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the preferred shares. Details of the financial liabilities at FVTPL are disclosed in Note 33 to the Accountant's Report set out in Appendix I to this Document.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP

The table below sets forth our consolidated statements of profit or loss for the periods indicated derived from the Accountant's Report included in Appendix I to this Document:

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)					
Revenue	387,847	100.0	1,513,000	100.0	1,419,735	100.0
Cost of Revenue	(314,288)	(81.0)	(1,329,853)	(87.9)	(1,110,454)	(78.2)
Gross profit	**73,559**	**19.0**	**183,147**	**12.1**	**309,281**	**21.8**
Other income	13,797	3.6	10,651	0.7	10,790	0.8
Other gains and losses	104,741	27.0	(21,340)	(1.4)	(18,068)	(1.3)
Impairment losses under expected credit loss model, net of reversal	(867)	(0.2)	(5,651)	(0.4)	(1,962)	(0.1)
Selling and marketing expenses	(17,963)	(4.6)	(21,726)	(1.4)	(34,402)	(2.4)
Administrative expenses	(49,863)	(12.9)	(61,605)	(4.1)	(74,966)	(5.3)
Research and development expenses	(261,793)	(67.5)	(290,154)	(19.2)	(357,764)	(25.2)
Finance costs	(1,048)	(0.3)	(1,800)	(0.1)	(8,937)	(0.6)
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Loss before tax	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Income tax expense	—	—	—	—	—	—
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Other comprehensive (expense) income						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	(48,153)	(12.4)	4,846	0.3	6,003	0.4
Total comprehensive expense for the year	**(471,131)**	**(121.5)**	**(351,730)**	**(23.2)**	**(285,117)**	**(20.1)**
Loss per share						
Basic and diluted (RMB)	(3.92)	(0.0)	(3.30)	(0.0)	(2.70)	(0.0)

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, presentation of adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted net loss (non-IFRS measure) as loss for the year, adjusted for changes in fair value of preferred shares and share-based compensation. Changes in fair value of preferred shares arise from the shares with special rights that we issued to certain Pre-**[REDACTED]** Investors in the past. Such special rights will all be automatically terminated upon the **[REDACTED]**. Changes in fair value of preferred shares and share-based compensation are non-cash in nature. For details of such preferred shares with special rights, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments." We define EBITDA (non-IFRS measure) as loss for the year, adjusted for income tax expenses, finance cost, depreciation and amortization, and share-based compensation. We then add back changes in the fair value of preferred shares.

The following tables reconcile our non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards in absolute amount and percentage of our revenue.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Add back:						
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Share-based compensation	—	—	—	—	—	—
Adjusted net loss (non-IFRS measure)	(139,437)	(36.0)	(208,478)	(13.8)	(176,028)	(12.4)

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Loss for the year	**(422,978)**	**(109.1)**	**(356,576)**	**(23.6)**	**(291,120)**	**(20.5)**
Add back:						
Income tax expenses	—		—		—	
Finance costs	(1,048)	(0.3)	(1,800)	(0.1)	(8,937)	(0.6)
Depreciation and amortization	(16,726)	(4.3)	(26,959)	(1.8)	(28,329)	(2.0)
Share-based compensation	—	—	—	—	—	—
EBITDA (non-IFRS measure)	(405,204)	(104.5)	(327,817)	(21.7)	(253,854)	(17.9)
Add back:						
Change in fair value of preferred shares	(283,541)	(73.1)	(148,098)	(9.8)	(115,092)	(8.1)
Adjusted EBITDA (Non-IFRS measure)	(121,663)	(31.4)	(179,719)	(11.9)	(138,762)	(9.8)

DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

We recorded total revenues of RMB387.8 million, RMB1,513.0 million and RMB1,419.7 million in 2022, 2023 and 2024, respectively.

We derive revenue primarily from sales of our *Smart Cockpit + X solutions*, calculated based on the number of domain controllers embedded with our solutions that were delivered to the customers for integration into mass-produced passenger vehicles of OEMs.

Cost of Revenue; Gross Profit

During the Track Record Period, our cost of revenue primarily reflected expenses related to the delivery of our *Smart Cockpit + X* solutions, including (i) hardware materials, and (ii) personnel costs. Hardware materials represent the largest cost component. This category includes key components such as chips and domain controllers that we source from trusted upstream suppliers. Personnel costs reflect the salaries and benefits paid to the employees involved in research and development, production engineering, and support functions directly associated with the delivery of our *Smart Cockpit + X* solutions.

We recorded cost of revenue of RMB314.3 million, RMB1,329.9 million and RMB1,110.5 million in 2022, 2023 and 2024, respectively.

The following table sets forth the breakdown of our cost of revenue by nature in absolute amounts and as a percentage of our total cost of revenue for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Hardware materials	302,531	96.3	1,315,646	98.9	1,096,165	98.7
Personnel costs	11,757	3.7	14,207	1.1	14,289	1.3
Total	**314,288**	**100.0**	**1,329,853**	**100.0**	**1,110,454**	**100.0**

Gross profit is equal to our total revenues less cost of revenue. Gross profit as a percentage of our total revenues is referred to as gross margin. In 2022, 2023 and 2024, our gross profits were RMB73.6 million, RMB183.1 million and RMB309.3 million, respectively. Our overall gross profit margin was 19.0%, 12.1% and 21.8% in 2022, 2023 and 2024, respectively.

The following table sets forth our gross profit and gross profit margin (gross profit as a percentage of our total revenue) for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Gross Profit	**73,559**	**19.0**	**183,147**	**12.1**	**309,281**	**21.8**

Our cost of revenue and gross margin have been—and are expected to continue to be—shaped by several key factors, including our product mix, the technical sophistication and commercialization stage of our solutions, the composition of our customer base, the types of vehicle models our solutions are integrated into, competitive pricing dynamics, and our ability to achieve greater economies of scale.

We expect our cost of revenue to increase in absolute terms as our business grows. However, our gross margin may fluctuate from period to period, reflecting the combined impact of the above-mentioned factors. Looking ahead, we anticipate that our overall gross margin will expand over time, driven by two key dynamics: (i) a higher revenue contribution from more sophisticated solutions, which typically command higher price points due to their technical complexity and value-added features, and (ii) improved operating efficiency and cost control as a result of our continued investment in R&D.

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee compensation and benefits; and (ii) travel expenses; and (iii) other miscellaneous expenses. In 2022, 2023 and 2024, our selling and marketing expenses were RMB18.0 million, RMB21.7 million and RMB34.4 million, respectively, representing 4.6%, 1.4% and 2.4% of our total revenue, respectively.

The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and as percentages of our total selling and marketing expenses, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Selling and marketing expenses						
Employee compensation and benefits	10,538	58.7	14,756	67.9	21,758	63.2
Travel expenses	7,118	39.6	5,993	27.6	9,750	28.3
Other miscellaneous expenses	307	1.7	977	4.5	2,894	8.5
Total	**17,963**	**100.0**	**21,726**	**100.0**	**34,402**	**100.0**

Administrative Expenses

Our administrative expenses consist of (i) employee compensation and benefits, (ii) office expenses, (iii) professional service fees, (iv) depreciation and amortization, (v) travel expenses; and (vi) other miscellaneous expenses. In 2022, 2023 and 2024, our administrative expenses were RMB49.9 million, RMB61.6 million and RMB75.0 million, respectively, representing 12.9%, 4.1% and 5.3% of our revenue, respectively.

The following table sets forth a breakdown of administrative and other expenses by nature, in absolute amounts and as percentages of total administrative expenses, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Administrative expenses						
Employee compensation and benefits	13,374	26.8	21,538	35.0	37,012	49.4
Office expenses	10,773	21.6	15,015	24.4	12,140	16.2
Depreciation and amortization	11,021	22.1	12,884	20.9	11,031	14.7
Professional service fee	10,959	22.0	7,068	11.5	6,557	8.8
Travel expenses	1,770	3.5	2,124	3.4	3,850	5.1
Other miscellaneous expenses	1,966	3.9	2,976	4.8	4,376	5.8
Total	**49,863**	**100.0**	**61,605**	**100.0**	**74,966**	**100.0**

Research and Development Expenses

Our research and development expenses consist primarily of (i) salaries and benefits for our R&D personnel, (ii) experimental material costs; (iii) technical service fee; (iv) depreciation and amortization; and (v) other miscellaneous expenses. In 2022, 2023 and 2024, our research and development expenses were RMB261.8 million, RMB290.2 million and RMB357.8 million, respectively, representing 67.5%, 19.2% and 25.2% of our revenue, respectively. The decrease in research and development expenses as a percentage of total revenues in 2023 was primarily due to the drastic increase in revenue. In 2024, as the number of design-wins surged and we substantially intensified investments in AI-related capabilities, our R&D expenses increased both in absolute terms and as a proportion of revenue. Looking ahead, to maintain our technological leadership and accelerate the implementation of AI in our R&D activities, we expect our R&D spending to continue to increase in absolute terms. However, given our high R&D efficiency, we expect the growth of our R&D expenses to be moderate and slower than the rate of revenue growth.

The following table sets forth a breakdown of research and development expenses by nature, in absolute amounts and as percentages of total research and development expenses, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Research and development expenses						
Employee compensation and benefits	179,246	68.5	208,158	71.7	218,340	61.0
Experimental material costs	31,377	12.0	13,549	4.7	20,104	5.6
Technical service fee	41,617	15.9	45,296	15.6	86,748	24.2
Depreciation and amortization	4,434	1.6	11,752	4.1	14,250	4.0
Other miscellaneous expenses	5,119	2.0	11,399	3.9	18,322	5.2
Total	**261,793**	**100.0**	**290,154**	**100.0**	**357,764**	**100.0**

Finance Costs

Finance costs consist of (i) interests on lease liabilities, in connection with our lease agreements and (ii) interests on bank borrowings. See "—Discussion of Selected Items from the Consolidated Balance Sheets—Liabilities" and "—Indebtedness" for more information about our lease liabilities and bank borrowings. The following table sets forth the breakdown of our total finance costs for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Interests on lease liabilities	1,048	100.0	1,100	61.1	846	9.5
Interests on bank borrowings and financial liabilities from notes discounted	—	0.0	700	38.9	8,091	90.5
Total	**1,048**	**100.0**	**1,800**	**100.0**	**8,937**	**100.0**

Change in Fair Value of Preferred Shares

We recorded a loss from the change in fair value of preferred shares of RMB283.5 million, RMB148.1 million and RMB115.1 million in 2022, 2023 and 2024, respectively, as a result of changes in fair value of preferred shares. Since our incorporation, we have completed several rounds of financing through issuing preferred shares with special rights. The fair value was determined by our directors with reference to valuation reports carried out by an independent qualified professional valuer. For more details, see Note 33 to the Accountants' Report in Appendix I to this Document.

Other Income

Other income consists of (i) government grants, which are incentives provided by local government authorities in the PRC in recognition of our contributions to local economic development; (ii) interest income from bank balances, which consists of interest earned on our cash deposits; and (iii) other miscellaneous items, mainly from the occasional sale of materials that are no longer in use. Other income amounted to RMB13.8 million, RMB10.7 million and RMB10.8 million, respectively, accounting for 3.6%, 0.7% and 0.8% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth our other income in absolute amounts and as a percentage of our total other income for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Government grants	9,855	71.4	5,323	50.0	7,598	70.4
Interest income from bank balances	2,574	18.7	5,155	48.4	3,184	29.5
Others	1,368	9.9	173	1.6	8	0.1
Total	**13,797**	**100.0**	**10,651**	**100.0**	**10,790**	**100.0**

Other Gains and Losses

Other gains and losses consist of (i) foreign exchange gain (loss), which arises from fluctuations in exchange rates that affect our foreign currency denominated transactions and balances and (ii) others.

Our foreign exchange exposure primarily relates to the U.S. dollar and arises mainly from settlements from overseas suppliers and offshore financing activities. As our cash balance grows, we expect to utilize more options to manage our funds effectively.

The following table sets forth our other gains and losses in absolute amounts and as a percentage of our total other gains and losses for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Foreign exchange gain (loss)	104,767	100.0	(20,840)	97.7	(17,933)	99.3
Others	(26)	(0.0)	(500)	2.3	(135)	0.7
Total	**104,741**	**100.0**	**(21,340)**	**100.0**	**(18,068)**	**100.0**

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Impairment losses under expected credit loss model, net of reversal, represent impairment losses recognized on trade receivables. For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. We determine the ECL on these items by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies and adjusted for forward-looking information that is available without undue cost or effort. See Note 8 to the Accountant's Report set out in Appendix I to this Document. We recorded impairment losses under expected credit loss model, net of reversal RMB0.9 million, RMB5.7 million and RMB2.0 million in 2022, 2023 and 2024, respectively.

Income Tax Expense

We did not incur income tax expense because of our net loss position during the Track Record Period.

Loss for the Year

We recorded loss for the year of RMB423.0 million, RMB356.6 million and RMB291.1 million in 2022, 2023 and 2024, respectively.

TAXATION

Cayman Islands

The Company was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company in the Cayman Islands to the Shareholders, no Cayman Islands withholding tax will be imposed.

PRC

Under the law of the PRC on enterprise income tax ("**EIT Law**") and implementation regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Our subsidiaries operating in the PRC are eligible for certain tax concessions. Under the EIT Law effective on January 1, 2008, the "High and New Technology Enterprise" ("**HNTE**") status of qualifying entities is valid for three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the HNTE status. Megatronix (Beijing) Technology was qualified as HNTE in 2020 and separately renewed its HNTE in 2023, and was entitled to a preferential tax rate of 15% from 2020 to 2025. Megatronix (Wuhan) Technology Co. (鎂佳(武漢)科技有限公司, the 'Megatronix (Wuhan) Technology') was qualified as HNTE and was entitled to a preferential tax rate of 15% from 2024 to 2026.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in Research and development ("**R&D**") activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("**Super Deduction**"). Starting from January 2021, the Super Deduction ratio increased to 100% for manufacturing industry. Starting from October 1, 2022, the Super Deduction ratio was increased to 100% for other industries. Megatronix (Beijing) Technology and Megatronix (Wuhan) Technology and Megatronix Infotech entitled to Super Deduction during the Track Record Period.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue decreased by RMB93.3 million or 6.2% from RMB1,513.0 million in 2023 to RMB1,419.7 million in 2024, This decrease was attributable to a one-time impact from our strategic decision to discontinue relationship with the Early OEM End-customer—where we supplied basic domain controllers, rather than our integrated domain control solutions—that we determined were not aligned with our long-term strategies. For more information about this "Early OEM End-customer," see "Business—Our Customers—Major Customers—The Early OEM End-customer." As a result, we experienced a decline in revenue contribution from such design-wins in 2024. Although this decision had a one-time impact on our revenue and delivery volume, it was part of our broader strategy to redirect resources toward more technically advanced design-wins that are better aligned with our long-term strategies. Excluding the contributions from such discontinued relationship, our delivery volume would have been 38,421, 236,033 and 609,983 in 2022, 2023 and 2024, respectively, and our revenue would have been RMB146 million, RMB628 million and RMB1,359 million for the same years. For more information, see "—Key Operating Data."

Following the above-mentioned strategic move, and supported by our continued customer demand, expansion of our customer base, and deeper collaboration with existing customers, our gross profit margin improved significantly, from 12.1% in 2023 to 21.8% in 2024, as discussed in detailed below. We also maintained strong delivery volumes of our solutions, with 637,980 units in 2023 and 634,337 units in 2024.

Cost of Revenue; Gross Profit Margin

Our cost of revenue decreased by RMB219.4 million or 16.5% from RMB1,329.9 million in 2023 to RMB1,110.5 million in 2024. This decrease was primarily due to lower costs associated with our strategic decision to discontinue relationship with Early OEM End-customer which carried relatively low margins. We determined that our relationship with the Early OEM End-customer—where we supplied basic domain controllers, rather than our integrated domain control solutions—was not aligned with our long-term strategies.

As a result of the foregoing, our gross profit increased by RMB126.1 million or 68.9% from RMB183.1 million in 2023 to RMB309.3 million in 2024. Our gross profit margin increased from 12.1% in 2023 to 21.8% in 2024, primarily due to (i) the positive impact of discontinuing our relationship with the Early OEM End-customer; and (ii) changes in our product portfolio towards higher-margin solutions.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 58.3% from RMB21.7 million in 2023 to RMB34.4 million in 2024. This increase was primarily attributable to the expansion of our sales and marketing team to support our growing customer base, including our continued efforts to acquire and engage with joint venture brands and overseas customers. Our selling and marketing expenses as a percentage of revenue increased to 2.4% in 2024 from 1.4% in 2023.

Administrative Expenses

Our administrative expenses increased by 21.7% from RMB61.6 million in 2023 to RMB75.0 million in 2024, primarily due to an increase in the number of our administrative employees required to support our growing business. Our administrative expenses as a percentage of revenue increased from 4.1% in 2023 to 5.3% in 2024.

Research and Development Expenses

Our research and development expenses increased by 23.3% from RMB290.2 million in 2023 to RMB357.8 million in 2024, driven primarily by increased investment in R&D headcounts to support continued investments in AI capabilities, including both software development and AI infrastructure, to enable the application of AI across vehicle intelligence use cases. Research and development expenses as a percentage of revenue increased from 19.2% in 2023 to 25.2% 2024. Despite the increase in headcount, our R&D efficiency has improved substantially, driven by the use of AI technologies and our modular, standardized software development architecture. As a testament to our increased R&D efficiency, the R&D expenses per "ongoing design-win" — defined as a design-win that is ongoing and not cancelled or discontinued during a year — has decreased significantly by 20.2% between 2023 and 2024.

Finance Costs

Our finance costs increased significantly from RMB1.8 million in 2023 to RMB8.9 million in 2024, primarily driven by higher interest expenses on bank borrowings as we used more credit facilities during a period of relatively low interest rates.

Other Income

Our other income increased by RMB0.1 million or 1.3% from RMB10.7 million in 2023 to RMB10.8 million in 2024, primarily due to an increase in government grants, partially offset by lower interest income from bank balances.

Other Gains and Losses

Our other losses decreased by RMB3.3 million or 15.3% from RMB21.3 million in 2023 to RMB18.1 million in 2024, primarily due to a decrease in foreign exchange loss from RMB20.8 million in 2023 to RMB17.9 million in 2024, as a result of favorable fluctuations in the exchange rate between U.S. dollars and Renminbi.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, decreased by RMB3.7 million or 65.3% from RMB5.7 million in 2023 to RMB2.0 million in 2024, primarily due to a significant increase in trade receivables as of the end of 2023 driven by the strong revenue growth during the year.

Change in Fair Value of Preferred Shares

We record change in fair value of preferred shares of RMB148.1 million and RMB115.1 million in 2023 and 2024, respectively. The decrease in the loss from the change in fair value of preferred shares as a percentage of total revenue—from 9.8% in 2023 to 8.1% in 2024—was primarily due to a slower rate of increase in our Company's valuation during the later rounds of preferred share financings. This resulted in a lower fair value adjustment in the corresponding periods.

Loss for the Year

As a result of the foregoing, the recorded loss of the year decreased by RMB65.5 million, or 18.4% from RMB356.6 million in 2023 to RMB291.1 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased substantially from RMB387.8 million in 2022 to RMB1,513.0 million in 2023, primarily due to the substantially increased delivery volume of our solutions as many of our design-wins secured in 2022 reached the mass-production stage in 2023. Additionally, we delivered 637,980 units in 2023, representing a more than fourfold increase as compared to 120,106 units delivered in 2022.

Cost of Revenue; Gross Profit Margin

Our cost of revenue increased by 323.1% from RMB314.3 million in 2022 to RMB1,329.9 million in 2023, which was broadly in line with the increase in our revenue. Our gross profit increased by 149.0% from RMB73.6 million in 2022 to RMB183.1 million in 2023. However, our gross profit margin decreased from 19.0% in 2022 to 12.1% in 2023. This decline was primarily because our relationship with the "Early OEM End-customer," where we supplied basic domain controllers rather than our integrated domain control solutions, carried relatively lower margins. We determined such relationship was not aligned with our long-term strategies and have discontinued such relationship in early 2024. See "—Key Operating Data."

Selling and Marketing Expenses

Our selling and marketing expenses increased by 20.9% from RMB18.0 million in 2022 to RMB21.7 million in 2023, primarily due to an increase in the number of sales and marketing employees. as we continue to expand our presence among joint-venture brands and overseas customers, which requires additional engagement with new customers and corresponding sales efforts. Selling and marketing expenses as a percentage of total revenue decreased from 4.6% in 2022 to 1.4% in 2023, primarily because our revenue grew significantly in 2023, outpacing the growth of selling and marketing expenses.

Administrative Expenses

Our administrative expenses increased by RMB11.7 million, or 23.5% from RMB49.9 million in 2022 to RMB61.6 million in 2023, primarily due to an increase in the number of administrative employees to support our business expansion. Administrative expenses as a percentage of total revenue decreased from 12.9% in 2022 to 4.1% in 2023, primarily because our revenue grew significantly in 2023, outpacing the growth of administrative expenses.

Research and Development Expenses

Our research and development expenses increased by RMB28.4 million, or 10.8% from RMB261.8 million in 2022 to RMB290.2 million in 2023, primarily due to an increase in the number of R&D employees as we continued to invest in building our standardized, modular software development architecture and capabilities. Despite the increase in headcount, our R&D efficiency has improved substantially, driven by our use of AI technologies and our modular, standardized software development architecture. As a testament to our increased R&D efficiency, the R&D expenses per "ongoing design-win" — defined as a design-win that is ongoing and not cancelled or discontinued during a year — has decreased significantly by 24.4% between 2022 and 2023.

Finance Costs

Our finance costs increased by 71.8% from RMB1.0 million in 2022 to RMB1.8 million in 2023, primarily due to higher interest expenses on bank borrowings as we utilized more credit facilities, taking advantage of relatively low interest rates.

Other Income

Our other income decreased by 22.8% from RMB13.8 million in 2022 to RMB10.7 million in 2023, primarily due to a decrease in government grants, partially offset by higher interest income from bank balances.

Other Gains and Losses

We recorded other gains of RMB104.7 million in 2022, as compared to other losses of RMB21.3 million in 2023, primarily attributable to foreign exchange movements. Specifically, we recognized a foreign exchange gain of RMB104.8 million in 2022, while in 2023 we recorded a foreign exchange loss of RMB20.8 million, mainly due to fluctuations in the exchange rate between the U.S. dollar and Renminbi.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

The impairment losses under expected credit loss model, net of reversal, increased from RMB0.9 million in 2022 to RMB5.7 million in 2023, primarily due to a significant increase of our trade receivables which was in line with the increased sales of our solutions.

Change in Fair Value of Preferred Shares

We recorded losses from change in fair value of preferred shares of RMB283.5 million and RMB148.1 million in 2022 and 2023, respectively, primarily due to an increase in the valuation of our Company as of December 31, 2023. The decrease in the loss from the change in fair value of preferred shares as a percentage of total revenue—from 73.1% in 2022 to 9.8% in 2023—was primarily due to a significant increase in our total revenue, resulting in a lower fair value adjustment in the corresponding periods.

Loss for the Year

As a result of the foregoing, the recorded loss of the year decreased by RMB66.4 million, or 15.7% from RMB423.0 million in 2022 to RMB356.6 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Document:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets	50,898	69,570	84,410
Current assets	944,593	1,381,913	2,053,557
Total assets	**995,491**	**1,451,483**	**2,137,967**
Non-current liabilities	8,549	2,156	6,473
Current liabilities	2,002,122	2,816,237	3,783,521
Total liabilities	**2,010,671**	**2,818,393**	**3,789,994**
Total assets less current liabilities	**(1,006,631)**	**(1,364,754)**	**(1,645,554)**
Net current liabilities	(1,057,529)	(1,434,324)	(1,729,964)
Net liabilities	**(1,015,180)**	**(1,366,910)**	**(1,652,027)**
Share capital	75	75	75
Reserves	(1,015,255)	(1,366,985)	(1,652,102)
Total deficit	**(1,015,180)**	**(1,366,910)**	**(1,652,027)**

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current Assets				
Inventories	178,925	135,122	191,987	214,417
Trade receivables	157,309	669,271	649,231	408,454
Notes receivables	1,075	57,195	249,486	209,105
Prepayments, deposits and other receivables	260,998	321,854	544,510	321,152
Financial assets at fair value through profit or loss	—	—	10,003	—
Contract assets	16,521	5,190	2,918	5,520
Contract costs	3,991	7,555	18,701	21,328
Restricted Cash	—	—	200,000	—
Cash and cash equivalents	325,774	185,726	186,721	196,004
Total Current Assets	**944,593**	**1,381,913**	**2,053,557**	**1,375,980**
Current Liabilities				
Trade payables	78,656	399,995	318,690	101,756
Accrued expense and other payables	116,986	362,756	923,897	339,865
Lease liabilities	15,044	7,934	7,885	6,578
Bank borrowings	—	55,000	330,000	410,010
Financial liabilities from notes discounted	—	—	101,627	129,685
Contract liabilities	44,068	23,499	19,277	27,919
Convertible redeemable preferred shares	1,747,368	1,967,053	2,082,145	2,253,131
Total Current Liabilities	**2,002,122**	**2,816,237**	**3,783,521**	**3,268,944**
Net Current Liabilities	**(1,057,529)**	**(1,434,324)**	**(1,729,964)**	**(1,892,964)**

Our net current liabilities increased from RMB1,730.0 million as of December 31, 2024 to RMB1,893.0 million as of April 30, 2025, primarily due to the decrease in our current assets, which outweighted the decrease in our current liabilities. Our total current assets decreased by RMB677.6 million from RMB2,053.6 million as of December 31, 2024 to RMB1,376.0 million as of April 30, 2025, primarily attributable to (i) a decrease in trade receivables of RMB240.8 million, (ii) a decrease in prepayments, deposits and other receivables of RMB223.4 million and (iii) a decrease in notes receivables of RMB40.4 million. Our total current liabilities decreased by RMB514.6 million from RMB3,783.5 million as of December 31, 2024 to RMB3,268.9 million as of April 30, 2025, primarily attributable to (i) the increase in our convertible redeemable preferred shares of RMB171.0 million, (ii) the increase in our contract liabilities of RMB8.6 million, (iii) the increase in our bank borrowings of RMB80.0 million, and (iv) the increase in our financial liabilities from notes discounted of RMB28.0 million; partially offset by (i) the decrease in our accrued expense and other payables of RMB584.0 million, (ii) the decrease in our trade payables of RMB216.9 million, and (iii) the decrease in our lease liabilities of RMB1.3 million.

Our net current liabilities increased from RMB1,434.3 million as of December 31, 2023 to RMB1,730.0 million as of December 31, 2024, primarily due to the increase in our total current liabilities, which outweighed the increase in our total current assets. Our total current liabilities increased by RMB967.3 million from RMB2,816.2 million as of December 31, 2023 to RMB3,783.5 million as of December 31, 2024, primarily attributable to (i) the increase in our accrued expense and other payables of RMB561.1 million, (ii) the increase in our bank borrowing of RMB275.0 million, (iii) the increase in our convertible redeemable preferred shares of RMB115.1 million and (iv) an increase in financial liabilities from notes discounted of RMB101.6 million. The increase in accrued expenses and other payables primarily reflected our higher volume of solution delivery and expanded collaboration with customers, leading to higher accrued procurement, logistics, and project-based fulfillment expenses. The increase in bank borrowings was primarily driven by our growing working capital needs. This was partially offset by (i) the decrease in our trade payables of RMB81.3 million and (ii) the decrease in our contract liabilities of RMB4.2 million. This was partially offset by the increase in our total current assets of RMB671.6 million from RMB1,381.9 million as of December 31, 2023 to RMB2,053.6 million as of

December 31, 2024, primarily due to (i) the increase in our prepayments, deposits and other receivables of RMB222.7 million, (ii) the increase in our restricted cash of RMB200.0 million, (iii) the increase in our trade and notes receivables of RMB172.3 million, (iv) the increase in our inventories of RMB56.9 million, and (v) the increase in our financial assets at fair value through profit or loss of RMB10.0 million. These increases were largely driven by our expanding project execution and pipeline, requiring advance payments to suppliers.

Our net current liabilities increased from RMB1,057.5 million as of December 31, 2022 to RMB1,434.3 million as of December 31, 2023 primarily due to the increase in our total current liabilities, which outweighed the increase in our total current assets. Our total current liabilities increased by RMB814.1 million from RMB2,002.1 million as of December 31, 2022 to RMB2,816.2 million as of December 31, 2023, primarily attributable to (i) the increase in our trade payables of RMB321.3 million, (ii) the increase in our accrued expense and other payables of RMB245.8 million, (iii) the increase in our convertible redeemable preferred shares of RMB219.7 million, and (iv) the increase in our bank borrowings of RMB55.0 million; partially offset by (i) the decrease in our contract liabilities of RMB20.6 million, and (ii) the decrease in our lease liabilities of RMB7.1 million. The growth in trade and other payables was consistent with our increased procurement of components and outsourced manufacturing services in line with our growing delivery volumes. This was partially offset by the increase in our total current assets of RMB437.3 million from RMB944.6 million as of December 31, 2022 to RMB1,381.9 million as of December 31, 2023, primarily due to (i) the increase in our trade and notes receivables of RMB568.1 million, (ii) the increase in our prepayments, deposits and other receivables of RMB60.9 million, and (iii) the increase in our contract costs of RMB3.6 million; partially offset by (i) the decrease in our cash and cash equivalents of RMB140.0 million, (ii) the decrease in our inventories of RMB43.8 million, and (iii) the decrease in our contract assets of RMB11.3 million.

Our net current liabilities position during the Track Record Period primarily arose from convertible redeemable preferred shares, amounting to RMB1,747.4 million, RMB1,967.1 million and RMB2,082.1 million in 2022, 2023 and 2024, respectively. Because the convertible redeemable preferred shares will automatically convert into ordinary shares upon the completion of the **[REDACTED]**, it will no longer be classified as liabilities afterwards.

Assets

Property and Equipment

Our property and equipment primarily consist of (i) furniture and fixtures, (ii) electric equipment, primarily including server and testing equipment, and (iii) leasehold improvement.

The following table sets forth the breakdown of our property and equipment as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Property and equipment			
Furniture and fixtures	2,023	1,801	1,426
Electric equipment	17,457	21,914	17,358
Others	610	744	472
Leasehold improvement	2,363	1,857	3,044
Total	**22,453**	**26,316**	**22,300**

The carrying amount of our property, plant and equipment amounted to RMB22.5 million, RMB26.3 million and RMB22.3 million as of December 31, 2022, 2023 and 2024, respectively. The increase in the carrying amount of our property, plant and equipment from 2022 to 2023 was primarily attributable to additional purchases of electronic equipment, including laptops, desktops, monitors, and related office devices, to support our business expansion and operational needs. The decrease in the carrying amount of our property, plant and equipment from 2023 to 2024 was mainly due to a lower level of new equipment procurement compared to 2023, coupled with depreciation recognized during the year.

Right-of-use Assets

Our right-of-use assets represent our leases of office spaces and warehouses. As of December 31, 2022, 2023 and 2024, our right-of-use assets were RMB20.2 million, RMB9.8 million, and RMB14.9 million, respectively. The year-on-year decrease in 2023 as compared to 2022 was primarily attributable to the expiration of certain leases, resulting in a reduction in the recognized right-of-use assets. The subsequent year-on-year increase of 50.9% in 2024 as compared to 2023 was primarily due to the renewal of certain lease contracts upon expiration.

Intangible Assets

Our intangible assets primarily represent software purchased from third parties. As of December 31, 2022, 2023 and 2024, our intangible assets were RMB2.7 million, RMB6.9 million, and RMB7.8 million, respectively. The continued increase in intangible assets throughout the Track Record Period was primarily attributable to our increased purchases of software licenses and systems from third-party vendors to support our operational and R&D needs.

Inventories

Our inventories consist of raw materials and finished goods. Raw materials primarily include key components such as chips and domain controllers sourced from our upstream suppliers. Finished goods comprise domain controllers that have been pre-installed with our proprietary operating system and software, fully configured and ready for delivery to OEMs.

The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Inventories			
Raw materials	159,248	101,351	139,143
Finished goods	19,677	33,771	52,844
Total	**178,925**	**135,122**	**191,987**

Our inventories decreased from RMB178.9 million as of December 31, 2022 to RMB135.1 million as of December 31, 2023. This decrease was mainly due to improved supply chain after conditions after semiconductor shortages eased as well as a reduced need to carry higher inventory levels after completing key customer design-wins. However, our inventories increased from RMB135.1 million as of December 31, 2023 to RMB192.0 million as of December 31, 2024, driven primarily by **[REDACTED]** higher sales orders from both new and existing customers.

We closely monitor our inventory on a weekly basis to maintain tight control. Before each purchase, we review the available inventory for each component and factor in lead times, production schedules, and customer demand to manage inventory effectively and avoid unnecessary stockpiling. We draw on historical sales data and demand forecasts to determine appropriate stock levels, maintaining enough inventory to support production without overcommitting capital to unsold goods. Because our inventory is largely customer-driven, any potential excess can typically be managed through coordination with customers, product design modifications, or repurposing components in other products to minimize the risk of write-downs.

We utilize an advanced ERP system that tracks the status and movement of each inventory item in real time, with automated alerts triggered when a component has not been delivered for a prolonged period of time flagging it as potentially slow-moving. To ensure data accuracy and transparency, we leverage advanced inventory systems that track every item's status and movement in real time. These systems, combined with quarterly physical counts, help us maintain accurate records and reduce discrepancies. Any sudden changes in inventory movement are analyzed to identify underlying causes, with findings promptly shared with the sales and commercial teams. In cases where excess inventory results from customer-related issues, we actively pursue customer compensation. We also carry out periodic spot checks, including unannounced warehouse audits, to maintain robust inventory controls across our operations.

The following table sets forth the turnover days of our inventory for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	106.6	43.1	53.8

Note:

(1) Inventory turnover days for a period equals the average of the gross value of the opening and closing inventories balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our turnover days decreased significantly from 106.6 days in 2022 to 43.1 days in 2023, primarily due to higher inventory levels in 2022 resulting from advance procurement to support anticipated production ramp-up and mitigate supply chain risks.

As of April 30, 2025, RMB145.5 million, or 75.8% of our inventories outstanding as of December 31, 2024 had been subsequently sold or utilized.

Trade Receivables

Trade receivables represent amounts due from customers for goods delivered or services rendered in the ordinary course of business. For example, we grant credit terms to certain customers to strengthen our customer relationships. These credit terms typically range between 30 days to 90 days and may vary depending on the nature of the customer relationship and the terms of the sales contract.

Our trade receivables increased from RMB157.3 million as of December 31, 2022 to RMB669.3 million as of December 31, 2023, mainly due to strong revenue growth as we expanded our customer base and sales volumes. Our trade receivables then declined slightly to RMB649.2 million as of December 31, 2024.

The following table sets forth an aging analysis of our trade receivables, net of allowance for credit losses as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade and notes receivables			
Within 90 days	156,415	632,574	632,654
91 - 180 days	—	28,321	16,478
181 - 365 days	—	7,271	—
1 - 2 years	894	211	99
2-3 years	—	894	—
Total	**157,309**	**669,271**	**649,231**

We perform impairment assessments on financial asset receivables subject to impairment under IFRS 9 using the expected credit loss (ECL) model. The ECL amount is updated at each reporting date to reflect changes in credit risk since initial recognition. For trade receivables, we apply the simplified approach under IFRS 9, which measures the loss allowance at lifetime ECL. We determine the ECL on these items by referencing information on probability of default and loss given default for the respective credit rating grades published by external credit rating agencies, adjusted for forward-looking information that is available without undue cost or effort.

In 2023, our allowance for ECL for trade and notes receivables increased significantly compared to 2022. This was primarily driven by our significant revenue growth, which led to a corresponding increase in our trade receivables balance and, consequently, a higher calculated ECL amount.

The following table sets forth the turnover days of our trade and notes receivables for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	76.4	99.7	169.5

Note:

(1) Trade receivables turnover days for a period equals the average of the gross value of the opening and closing trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

In 2022, 2023 and 2024, our trade receivables turnover days were 76.4 days, 99.7 days and 169.5 days respectively. The increase in turnover days in 2023 and 2024 was mainly driven by our strong revenue growth and the higher concentration of sales in the fourth quarter of each year, which tends to increase outstanding balances at year-end. For more information about the impact of seasonality on our performances, see "—Key factors affecting our results of operations—Seasonality."

As of April 30, 2025, RMB579.9 million, or 89.3% of our trade receivables outstanding as of December 31, 2024 had been subsequently collected.

Notes Receivables

Notes received by us primarily represent bank acceptance bills received from customers for the settlement of trade receivables. These instruments are held for future settlement purposes and are typically used in place of cash payments. Some of these bank acceptance bills by us are subsequently held or further discounted or endorsed to third parties. For further details, see Note 22 of the Accountant's Report included in Appendix I to this Document. All notes received by us are with a maturity period of less than one year.

Our notes receivables increased from RMB1.1 million as of December 31, 2022 to RMB57.2 million as of December 31, 2023, and further increased to RMB249.5 million as of December 31, 2024, mainly due to strong revenue growth as we expanded our customer base and sales volumes.

As of April 30, 2025, RMB142.6 million, or 57.2% of our notes receivables outstanding as of December 31, 2024 had been subsequently collected.

Prepayments, Deposits and Other Receivables

Amounts due from subcontractor constitute the largest component of our prepayments, deposits and other receivables. These amounts primarily represent receivables due from our contract manufacturers for work that is in progress or not yet invoiced. Our business model with contract manufacturers results in both amounts due from and due to subcontractors. See "—Liabilities—Accrued Expenses and Other Payables." We typically supply raw materials to them, who then process and sell the finished goods (i.e. domain controllers embedded with our software) back to us. Accordingly, we record amounts due from subcontractors, while recognizing amounts due to them for the corresponding finished products. Our prepayments, deposits and other receivables also include (i) deferred expenses, which are mostly payments made to suppliers of key materials that will be recognized gradually over future periods, (ii) rental and other deposits, (iii) prepayments to suppliers and service provider, which primarily consist of advance payments for software, development fees, technical services, and equipment purchases, (iv) input value-added tax recoverable, (v) preferred shares subscription receivable, a one-off item representing amounts due from investors who committed to subscribe for our preferred shares but whose registration as shareholders was not completed as of the balance sheet date; and (vi) others.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Amounts due from subcontractors	83,029	294,015	518,806
Deferred expenses	2,555	17,896	31,497
Rental and other deposits	19,242	19,253	15,907
Prepayments to suppliers and service providers	17,867	8,860	15,236
Input value added tax recoverable	20,383	6,156	137
Preferred shares subscription receivable	121,855	—	—
Others	1,656	2,198	2,424
Total	**266,587**	**348,378**	**584,007**

Our prepayments, deposits and other receivables increased from RMB266.6 million as of December 31, 2022 to RMB348.4 million as of December 31, 2023, and further increased to RMB584.0 million as of December 31, 2024, primarily due to higher amounts due from subcontractors as we ramped up manufacturing and outsourced more production tasks as well as higher deferred expenses associated with our business expansion and R&D and product development activities.

As of April 30, 2025, RMB462.1 million, or 84.9% of our prepayments, deposits and other receivables as of December 31, 2024 had been subsequently settled.

Liabilities

Trade Payables

Our trade payables primarily relate to our purchases of components from suppliers. During the Track Record Period, our trade payables were non-interest bearing and the majority are with a credit term of 30 to 120 days.

Our trade payables increased from RMB78.7 million as of December 31, 2022 to RMB400.0 million as of December 31, 2023, primarily due to significant business expansion and increased procurement of components to meet higher customer demands. In 2024, trade payables decreased by 20.3% to RMB318.7 million mainly because we reduced purchases based on our inventory at the end of the year.

The following table sets forth an aging analysis of our trade payables as of the dates indicated. The substantial increases in trade payables as of December 31, 2023 as compared to December 31, 2022, both within 90 days and in the 90–180 day category, was primarily due to higher procurement of components and materials needed to meet increased production and delivery volumes. In 2023, we delivered 637,980 units, representing a more than fourfold increase as compared to 120,106 units delivered in 2022.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 90 days	75,672	379,167	294,850
90 – 180 days	2,984	20,828	23,840
Total	78,656	399,995	318,690

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
Trade payables turnover days(1)	46.3	65.7	118.1

Note:

(1) Trade payables turnover days for a period equals the average of the gross value of the opening and closing trade payables balance divided by cost of revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade payable turnover days increased from 46.3 days in 2022 to 65.7 days in 2023. It further increased from 65.7 days in 2023 to 118.1 days in 2024. This trend was primarily driven by (i) a decrease in our cost of revenue in 2024, (ii) a concentration of procurement activities in the fourth quarter, which tends to elevate year-end balances and (iii) our efforts to align supplier payment terms with those of our customers through back-to-back arrangements.

As of April 30, 2025, RMB280.3 million, or 88.0% of our trade payables outstanding as of December 31, 2024 had been subsequently settled.

Accrued Expenses and Other Payables

Our accrued expenses and other payables represent (i) amounts due to subcontractors, representing the payments owed to our contract manufacturers for production services, (ii) investment funds received in advance, representing contributions received from investors pending their formal registration as shareholders, (iii) accrued salaries, (iv) other taxes payables, (v) accrued expenses, representing amounts owed to third-party service providers, (vi) warranty provision, representing estimated costs associated with the product warranties offered to customers, and (vii) other miscellaneous payables.

The following table sets forth the details of our accrued expenses and other payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Amounts due to subcontractors	91,631	307,738	643,770
Investment funds received in advance	—	—	200,000
Accrued salaries	15,684	30,087	37,639
Other taxes payables	1,725	8,885	27,425
Accrued expenses	4,834	9,720	5,479
Warranty Provision	1,286	5,363	8,004
Others	1,826	963	1,580
Total	**116,986**	**362,756**	**923,897**

Our accrued expenses and other payables increased from RMB117.0 million as of December 31, 2022 to RMB362.8 million as of December 31, 2023 and further increased to RMB923.9 million as of December 31, 2024, primarily due to the substantial increases in amounts due to subcontractors. The increases were mainly driven by higher procurement volumes of key components and materials as we ramped up production to meet growing customer demand. Additionally, some of these payments were settled using bank acceptance bills, which were included in payables even though they had been endorsed and transferred to suppliers. This accounting treatment also contributed to the increase in amounts due to subcontractors.

Lease liabilities

Lease liabilities represent payments owed under our office lease agreements. We recorded current lease liabilities of RMB15.0 million, RMB7.9 million and RMB7.9 million, respectively, as of December 31, 2022, 2023 and 2024. We recorded non-current lease liabilities of RMB8.5 million, RMB2.2 million and RMB6.5 million, respectively, as of December 31, 2022, 2023 and 2024. The decrease in lease liabilities in 2023 compared to 2022 was primarily due to payments made under our existing lease agreements, which reduced our outstanding liabilities. The increase in 2024 compared to 2023 was mainly driven by the renewal of some of our office leases, which extended their terms and resulted in higher non-current liabilities. As of December 31, 2022, 2023 and 2024, the incremental annual borrowing rates applied to our lease liabilities ranged from 5.41% to 7.12%, from 5.42% to 7.12% and from 4.57% % to 7.08%, respectively.

The following table sets forth the details of our lease liabilities as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Lease liabilities:			
Within one year	15,044	7,934	7,885
Within a period of more than one year but not exceeding two years	6,734	2,156	6,187
Within a period of more than two years but not exceeding three years	1,815	—	286
Total	**23,593**	**10,090**	**14,358**
Less: Amounts due for settlement within 12 months shown under current liabilities	(15,044)	(7,934)	(7,885)
Amounts due for settlement after 12 months shown under non-current liabilities	8,549	2,156	6,473

Bank Borrowings

Bank borrowings represent funds drawn from our credit facilities with commercial banks to support our daily operations and manage working capital needs. As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had total bank borrowings of nil, RMB55.0 million, RMB330.0 million and RMB410.0 million, respectively. As of December 31, 2024, all of our bank borrowings were denominated in Renminbi, with interest rates ranging from 2.45% to 4.10% per annum. As of April 30, 2025, we had bank facilities of RMB560.0 million which remained unutilized.

The table below sets forth a breakdown of our bank borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Bank borrowings—unsecured and unguaranteed	—	55,000	300,000	380,010
Bank borrowings—secured	—	—	30,000	30,000
Total	—	55,000	330,000	410,010

Financial Liabilities from Notes Discounted

We recorded financial liabilities from notes discounted of nil, nil, RMB101.6 million and RMB129.7 million, respectively, as of December 31, 2022, 2023 and 2024 and April 30, 2025. Our financial liabilities from notes discounted represent the cash received from the discounting of notes receivable to banks on a full recourse basis. Because we retain the significant risks and rewards associated with the underlying notes, we continue to recognize the full carrying amount and has recognized the cash received on the transfer as a collateralized borrowing on our balance sheet.

Contract Liabilities

Contract liabilities represent advance payments received from customers for the purchase of our *Smart Cockpit + X* solutions that have yet been performed. As of December 31, 2022, 2023, and 2024, we had total contract liabilities of RMB44.1 million, RMB23.5 million and RMB19.3 million, respectively. The changes in our contract liabilities during the Track Record Period were primarily influenced by the timing of customer orders and related advance payments as well as the timing of revenue recognition when performance obligations were satisfied.

Convertible Redeemable Preferred Shares

Convertible redeemable preferred shares represent amounts invested by investors during our Series A through D financing rounds, classified as liabilities on our balance sheet under the applicable accounting standards. As of December 31, 2022, 2023, and 2024, we had total convertible redeemable preferred shares of RMB1,747.4 million, RMB1,967.1 million and RMB2,082.1 million, respectively. The increases in convertible redeemable preferred shares throughout the Track Record Period were primarily driven by the addition of new investors and changes in our valuation. For further details of the identity and background of these investors and the principal terms of their investments, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments" and Note 33 to the Accountant's Report set out in Appendix I to this Document.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents our consolidated cash flow data for the periods indicated.

	For the year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Net cash used in operating activities	(498,983)	(332,497)	(560,655)
Net cash used in investing activities	(15,548)	(22,821)	(225,442)
Net cash used in/generated from financing activities	(7,336)	231,264	799,022
Effects of exchange rate changes	56,614	(15,994)	(11,930)
Net (decrease)/increase in cash and cash equivalents	(465,253)	(140,048)	995
Cash and cash equivalents at beginning of the year	791,027	325,774	185,726
Cash and cash equivalents at end of the year	325,774	185,726	186,721
Restricted cash[(1)]	—	—	200,000

Note:

(1) Restricted cash represents funds received in advance in connection with the proposed issuance of certain preferred Shares. As of December 31, 2024, the issuance had not yet completed, and the funds were held in a jointly managed account with restrictions on their use. These funds did not bear interest as of that date. The restricted cash was subsequently released upon the completion of the issuance of the preferred shares.

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from financing activities as well as operating activities.

We experienced negative operating cash flows during the Track Record Period. However, we expect to improve our net operating cash flow by: (i) growing revenue through expanding our customer base; (ii) enhancing our existing solutions and launching new ones to deliver greater value to customers; (iii) streamlining our cost structure and further improving R&D and overall operational efficiency; and (iv) strengthening working capital management, including better collections, more effective inventory management to meet downstream demand, and prudent financial resource allocation.

Based on our available cash and cash equivalents, and despite the net operating cash outflows during the Track Record Period, we believe our cash balance is sufficient to meet our operating needs and support our planned expansion. Accordingly, we believe we have adequate working capital to fund our operations, taking into account our available financial resources.

Net Cash Generated from Operating Activities

Net cash used in operating activities in 2024 was RMB560.7 million, primarily representing our loss before tax of RMB291.1 million, adjusted for certain non-cash and non-operating items, primarily including (i) loss on fair value change of preferred shares of RMB115.1 million, (ii) foreign exchange loss of RMB17.9 million, (iii) depreciation of property and equipment of RMB15.5 million, (iv) depreciation of right-of-use assets of RMB10.6 million, (v) finance costs of RMB8.9 million, (vi) write-down loss on inventories of RMB7.1 million, and (vii) amortization of other intangible assets of RMB2.3 million. This amount was further adjusted by changes in certain working capital accounts due to the expansion of our business, primarily including (i) the increase of RMB356.2 million in accrued expense and other payables; (ii) the decrease of RMB2.3 million in contract assets; and (iii) the increase of RMB4.7 million in provisions; partially offset by (i) the increase of RMB238.8 million in prepayments, deposits and other receivables; (ii) the increase of RMB464.8 million in notes receivables; (iii) the decrease of RMB50.5 million in trade and notes payables; and (iv) the increase of RMB64.0 million in inventories.

The changes in our notes receivables of RMB464.8 million discussed in the preceding paragraph have reflected the net settlement of notes discounted to banks of RMB241.7 million which relate solely to our financing arrangements in order to enhance our working capital and are unrelated to our operating activities. To facilitate investors' understanding of our cash used for / generated from operations, we have presented the following table to show our net cash used for / generated from operating activities, after excluding the impact of these note settlements.

	For the year ended December 31,		
	2022	2023	2024
Net cash used in operating activities	(498,983)	(332,497)	(560,655)
Add back: Net settlement of notes discounted to banks	—	—	241,682
Net cash used in operating activities excluding net settlement of notes discounted to banks	(498,983)	(332,497)	(318,973)
Net cash used in / generated from financing activities	(7,336)	231,264	799,022
Minus: Net settlement of notes discounted to banks	—	—	241,682
Net cash used in / generated from financing activities excluding net settlement of notes discounted to banks	(7,336)	231,264	557,340

Net cash used in operating activities in 2023 was RMB332.5 million, primarily representing our loss before tax of RMB356.6 million, adjusted for certain non-cash and non-operating items, primarily including (i) loss on fair value change of preferred shares of RMB148.1 million, (ii) foreign exchange loss of RMB20.8 million, (iii) depreciation of right-of-use assets of RMB12.7 million, (iv) depreciation of property and equipment of RMB12.5 million, (v) write-down loss on inventories of RMB7.9 million, (vi) impairment losses recognized under expected credit loss model of RMB5.7 million, (vii) finance costs of RMB1.8 million, and (viii) amortization of other intangible assets of RMB1.7 million. This amount was further adjusted by changes in certain working capital accounts due to the expansion of our business, primarily including (i) the increase of RMB610.9 million in trade and notes receivables; (ii) the increase of RMB240.2 million in accrued expense and other payables and (iii) the decrease of RMB35.9 million in inventories; (iv) the decrease of RMB11.5 million in contract assets; partially offset by (i) the increase of RMB358.4 million in trade and notes payables; (ii) the increase of RMB 208.8 million in prepayments, deposits and other receivables; and (iii) the decrease of RMB20.6 million in contract liabilities.

Net cash used in operating activities in 2022 was RMB499.0 million, primarily representing our loss before tax of RMB423.0 million, adjusted for certain non-cash and non-operating items, primarily including (i) loss on fair value change of preferred shares of RMB283.5 million, (ii) foreign exchange gain of RMB104.8 million, (iii) depreciation of right-of-use assets of RMB8.6 million, (iv) depreciation of property and equipment of RMB7.5 million, and (v) finance costs of RMB1.0 million. This amount was further adjusted by changes in certain working capital accounts, primarily including (i) the increase of RMB97.0 million in accrued expense and other payables; (ii) the increase of RMB77.6 million in trade and notes payable and (iii) the increase of RMB15.5 million in contract liabilities; partially offset by (i) the increase of RMB175.1 million in inventories;

(ii) the increase of RMB153.3 million in trade and notes receivables; (iii) the increase of RMB 129.4 million in prepayments, deposits and other receivables; (iv) the increase of RMB9.3 million in contract assets; and (v) the increase of RMB1.2 million in contract cost.

Net Cash Used in Investing Activities

In 2024, our net cash used in investing activities was RMB225.4 million, which consisted of (i) the placement of RMB200.0 million as restricted cash, which was not intended for investment purposes (see the footnote to the table under "—Liquidity and Capital Resources" for further details about such restricted cash), (ii) purchase of property and equipment of RMB12.0 million, (iii) purchase of financial assets at fair value through profit or loss of RMB10.0 million, (iv) purchases of intangible assets of RMB3.1 million, and (v) payments for right-of-use assets of RMB0.7 million; partially offset by proceeds from disposal of property and equipment of RMB0.4 million.

In 2023, our net cash used in investing activities was RMB22.8 million, which consisted of (i) purchase of property and equipment of RMB16.4 million, (ii) purchases of intangible assets of RMB5.9 million, and (iii) payments for right-of-use assets of RMB0.5 million.

In 2022, our net cash used in investing activities was RMB15.5 million, which consisted of (i) purchase of property and equipment of RMB17.8 million, (ii) purchases of intangible assets of RMB2.2 million, and (iii) payments for right-of-use assets of RMB0.6 million; partially offset by proceeds from disposal of property and equipment of RMB5.0 million.

Net Cash Generated from (Used in) Financing Activities

Net cash generated from financing activities in 2024 was RMB799.0 million, which consisted of (i) proceeds from bank borrowings of RMB497.1 million, and (ii) proceeds from bills discounted to bank with full recourse of RMB343.6 million; (iii) proceeds from issue of preferred shares of RMB200.0 million; partially offset by (i) repayment of bank borrowings of RMB222.1 million, (ii) repayments of lease liabilities of RMB10.6 million, and (iii) interest paid of RMB8.9 million.

Net cash generated from financing activities in 2023 was RMB231.3 million, which consisted of (i) proceeds from issue of preferred shares of RMB193.4 million and (ii) proceeds from bank borrowings of RMB118.7 million; partially offset by (i) repayment of bank borrowings of RMB63.7 million, (ii) repayments of lease liabilities of RMB15.4 million, and (iii) interest paid of RMB1.8 million.

Net cash used in financing activities in 2022 was RMB7.3 million, which consisted of (i) repayments of lease liabilities of RMB6.3 million, and (ii) interest paid of RMB1.0 million.

WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document. After making reasonable inquiries of our management about our working capital, the Joint Sponsors concur with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net **[REDACTED]** we will receive from the **[REDACTED]**.

INDEBTEDNESS

The following table sets forth a breakdown of our bank borrowings and leased liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Current				
Bank borrowings	—	55,000	330,000	410,010
Financial liabilities from notes discounted	—	—	101,627	129,685
Lease liabilities	15,044	7,934	7,885	6,578
Convertible redeemable preferred shares	1,747,368	1,967,053	2,082,145	2,253,131
Non-Current				
Lease liabilities	8,549	2,156	6,473	5,120
Total	1,770,961	2,032,143	2,528,130	2,804,524

Our Bank borrowings amounted to nil, RMB55.0 million, RMB330.0 million and RMB410.0 million as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 31 to the Accountant's Report in Appendix I to this Document. We had unsecured bank borrowings of nil, RMB55.0 million, RMB300.0 million and RMB380.0 million as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively.

Lease liabilities represent payments owed under our office lease agreements. We recorded current lease liabilities of RMB15.0 million, RMB7.9 million, RMB7.9 million and RMB6.6 million, respectively, as of December 31, 2022, 2023 and 2024 and April 30, 2025. We recorded non-current lease liabilities of RMB8.5 million, RMB2.2 million, RMB6.5 million and RMB5.1 million, respectively, as of December 31, 2022, 2023 and 2024 and April 30, 2025.

Since incorporation, we have completed several rounds of financing through issuing preferred shares with special rights. If we were to be required to redeem all such preferred shares, the aggregate redemption price would be calculated based on a complex formula that takes into account factors such as the original issue price, the expected returns, any applicable dividends, interest, and adjustments for conversion or anti-dilution provisions. As of December 31, 2022, 2023 and 2024 and April 30, 2025, our preferred shares amounting to RMB1,747.4 million, RMB1,967.1 million, RMB2,082.1 million and RMB2,253.1 million, respectively, are measured as financial liabilities at FVTPL, which is determined using discounted cashflow method with significant unobservable inputs used. The redemption of the preferred shares, if triggered, could have a negative impact on our cash and liquidity position and financial condition. For further details of our historical Pre-**[REDACTED]** Investments and the terms of the preferred shares with special rights, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments" and Note 33 to the Accountant's Report set out in Appendix I to this Document.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2025, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since April 30, 2025, and up to the Latest Practicable Date.

Additionally, our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that 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.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated.

	Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Property and equipment	17,804	16,395	11,985
Right-of-use assets	13,011	2,364	16,000
Intangible assets	2,162	5,937	3,134
Total	**32,977**	**24,696**	**31,119**

Our capital expenditures are primarily attributable to capital expenditures on property, plant and equipment, leases properties and intangible assets. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operating activities, our available banking facilities, and **[REDACTED]** from the **[REDACTED]**. We will continue to make capital expenditures to support the expected growth of our business.

CONTRACTUAL OBLIGATIONS

Capital Commitments

We did not have any capital commitments as of December 31, 2022, 2023, and 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become not reflective of our future performance. For more details, see Note 42 of the Appendix I to this Document.

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios for the periods indicated.

	As of/For Years Ended December 31,		
	2022	2023	2024
Gross profit/(loss) margin	19.0%	12.1%	21.8%
Adjusted net loss margin[1] (non-IFRS measure)	(36.0%)	(13.8%)	(12.4%)
Current ratio[2]	0.47	0.49	0.54
Quick ratio[3]	0.38	0.44	0.49

Note:

(1) See " – Non-IFRS Measures" for a reconciliation between our non-IFRS measures and our IFRS measures.

(2) Current ratio equals current assets divided by current liabilities as of the same date.

(3) Quick ratio equals current assets less inventories divided by current liabilities as of the same date.

For a more comprehensive discussion of the factors affecting our key financial ratios and our net loss and net loss margin during the Track Record Period, see "Financial Information—Discussion of Results of Operations."

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, primarily the interest risk, credit risk, liquidity risk, equity price risk and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Market Risk

Currency Risk

A subsidiary of ours has intra-group balances with another subsidiary denominated in foreign currency which expose us to foreign currency risk. Amount due to group companies dominated in foreign currency amount to RMB300,387,000, RMB512,978,000 and RMB394,591,000 as of December 31, 2022, 2023 and 2024, respectively.

If RMB had been appreciated/depreciated 5% against the foreign currency and all other variables were held constant, our post-tax loss for the years ended December 31, 2022, 2023 and 2024 would have decrease/increase by RMB15,019,000/RMB15,019,000, RMB25,649,000/RMB25,649,000 and RMB19,730,000/RMB19,730,000 for the year ended December 31, 2022, 2023 and 2024, respectively.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to cash and cash equivalents, restricted cash, lease liabilities and bank borrowing. We are exposed to cash flow interest risk in relation to floating rate bank borrowing (Note 31). Our management manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank balances. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

No sensitivity analysis on interest rate risk is presented as the Directors consider the sensitivity on interest rate risk on variable-rate bank balances as well as bank borrowings is insignificant. For further details, see Note 39 to the Accountant's Report in Appendix I to this Document.

Other Price Risk

We are exposed to other price risk through the Preferred Shares and investments in financial assets measured at FVTPL. Sensitivity analyzes for the Preferred Shares were disclosed in Note 40 to the Accountant's Report in Appendix I to this Document. Our management considers the fluctuation in fair value changes on structured deposit was insignificant, taking into account the short-term duration of such financial products and on sensitivity analysis on other price risk is presented. For further details, see Note 39 to the Accountant's Report in Appendix I to this Document.

Credit Risk

Our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position (including trade and notes receivables, deposits and other receivables, financial assets at FVTPL, restricted cash and cash and cash equivalents). For further details, see Note 39 to the Accountant's Report in Appendix I to this Document.

Liquidity Risk

In the management of the liquidity risk, our management monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on the cash generated from the issuance of the Preferred Shares and operating activities as the main source of liquidity. During the years ended December 31, 2022, 2023 and 2024, we had net cash generated from the issuance of the Preferred Shares of nil, RMB193.4 million and RMB200.0 million, and cash used in operating activities of RMB501.6 million, RMB337.7 million and RMB563.8 million, respectively.

DIVIDEND

During the Track Record Period, no dividends have been declared and paid by us. As of the Latest Practicable Date, we did not have a formal dividend policy. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board. PRC laws require that dividends shall be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, until the agreed amount of such funds reaches 50% of their registered capital, which are not available for distribution as cash dividends.

DISTRIBUTABLE RESERVES

As of April 30, 2025, we had no retained earnings that were available for distribution to our equity shareholders.

[REDACTED] EXPENSES

Based on the mid-point **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of our **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**), the total **[REDACTED]** expenses (including **[REDACTED]**) payable by our Company are estimated to be approximately HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]** million), assuming the **[REDACTED]** is not exercised. These **[REDACTED]** expenses mainly comprise professional fees paid and payable to the professional parties, and **[REDACTED]** payable to the **[REDACTED]**, for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**.

As of December 31, 2024, we did not incur any **[REDACTED]** expenses for the **[REDACTED]**. We estimate that the total **[REDACTED]** expense (including **[REDACTED]** of HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**), assuming the **[REDACTED]** is not exercised and based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), accounting for **[REDACTED]**% of our gross **[REDACTED]**, will be further incurred by our Group, of which RMB**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and RMB**[REDACTED]** is expected to be charged against equity upon the **[REDACTED]**.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to "Appendix II—Unaudited **[REDACTED]** Financial Information" for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the Document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since

December 31, 2024, the end of the period reported on the Accountant's Report included in Appendix I to this Document; and there has been no event since December 31, 2024 which would materially affect the information presented in the Accountant's Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For further details of our future plans, see "Business—Our Strategies".

USE OF [REDACTED]

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

We intend to use the net **[REDACTED]** we will receive from the **[REDACTED]** for the following purposes:

(i) **Invest Further in Research and Development.** We intend to invest approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** in further strengthening our research and development capabilities. This investment will be critical to sustain our leadership in China's smart vehicle solutions industry. In particular:

a. Expand and refine AI algorithms for in-vehicle deployment. Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be used to further develop and enhance our portfolio of AI algorithms purpose-built for vehicle applications, including those for ADAS, intelligent human-machine interaction, and perception-fusion capabilities. These efforts will focus on driving real-world performance improvements, such as enabling safer autonomous behaviors, more intuitive cabin interactions, and more responsive in-vehicle system. These initiatives will focus on advancing the integration of AI across our entire product lifecycle—from product planning, R&D, mass production validation and post-production over-the-air (OTA) support. We will be focusing on applying AI to real-world challenges, such as accelerating code development, improving system testing and validation, and enabling data-driven performance tuning after vehicles are on the road. A core part of these efforts will include expanding our team with top-tier AI talent who can bring both technical depth and practical experience in turning advanced research into scalable, production-grade solutions.

b. <u>Expanding proprietary software toolkit.</u> Approximately **[REDACTED]**, or H**K[REDACTED]**, of the net **[REDACTED]** will be used to enhance our proprietary software development toolkit—a suite of standardized, reusable modules designed to streamline the development, customization, and deployment of smart vehicle solutions. As OEMs increasingly demand faster development cycles, lower integration costs, and greater software scalability across vehicle models, our ability to offer modular, production-ready software components that can be rapidly tailored to specific vehicle platforms has become a key competitive advantage. One key focus will be upgrading our development workflows by embedding AI throughout the software development process to significantly shorten iteration cycles, reduce manual coding workload, and further improve code consistency and reliability.

c. <u>Enhance modular software architecture.</u> Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to strengthening our core software architecture, i.e. the foundational layer that supports the modular, scalable, and cross-domain deployment of our solutions. While our proprietary software toolkit focuses on the development and reuse of software modules, this architecture initiative is intended to standardize the deeper system structure that governs how these modules interact, scale, and integrate across different vehicle models and hardware environments. Our goal is to further reduce fragmentation and avoid redundant redevelopment by creating a unified architecture that allows key smart vehicle capabilities to be deployed through standardized interfaces across multiple vehicle models. For example, with a unified architecture, shared capabilities such as sound source localization and voice-zone separation—used across driver monitoring systems—can be deployed through a single module rather than developed separately, which reduces engineering redundancy, improves system consistency, and accelerates deployment across vehicle platforms.

(ii) **Expand *Smart Cockpit + X* Product Matrix.** Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to expand our *Smart Cockpit + X* product portfolio by integrating additional features into the domain control solutions. This will enable us to deliver more comprehensive, integrated, and feature-rich solutions suite of solutions to our customers. By combining smart cockpit capabilities with select functionalities from adjacent domains such as ADAS and body control, we aim to further reduce system complexity for our customers while enabling more responsive, intelligent in-cabin experiences. In particular:

a. Advance ADAS-related solutions. Approximately **[REDACTED]**, or HK$**[REDACTED]** will be allocated to advancing our ADAS-related solutions, including further enhancing our smart parking technologies. Specifically, we plan to further develop our L2+ highway Navigation on Autopilot (NOA) capabilities. While our NOA has completed internal development milestones, it has not yet been deployed commercially as of the Latest Practicable Date.

b. Additional domain control functionalities. Beyond ADAS, approximately **[REDACTED]**, or HK$**[REDACTED]** will be allocated to investing in developing and upgrade additional domain control functionalities, such as AI-powered sound system, body control modules, and vehicle control unit. See "Business—Who We Are—Beyond the Cockpit: Building the *Smart Cockpit + X*" for more information.

(iii) **Expand Market Reach.** Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to expand our sales and go-to-market network across both domestic and international markets. We plan to broaden our commercial footprint, diversify our customer base, and build the operational foundations to support long-term growth outside our home market.

a. Overseas expansion. Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to expand our presence in selected international markets, particularly in Asia and Europe, where innovation in vehicle architecture, domain control solutions adoption, and user-centric cockpit design is accelerating.

- To drive our global expansion, we plan to deepen our engagement with international OEMs with a China presence. Many of them are actively transitioning toward software-defined vehicle architectures and are seeking localized partners with deep software expertise and proven delivery track records. We aim to position ourselves as their preferred technology partner capable of delivering smart vehicle solutions for both of their China-based and global vehicle models. Additionally, we aim to extend our reach to leading Tier 1 suppliers outside of China and leverage these strategic relationships as a gateway to access global OEM customers.

- Additionally, we plan to establish a globally minded sales and customer service team with deep industry experience and international exposure to expand our presence beyond the domestic market. They will be able to bridge technical, cultural, and executional gaps as we scale outside China. We also aim to set up local operations in selected markets, enabling us to respond more quickly to region-specific product requirements, enhance our product competitiveness, and elevate our global visibility.

b. Strengthen domestic presence. Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be invested to strengthen our domestic persence through reinforcing our sales and marketing capabilities and diversifying our customer base. As China remains the largest and most dynamic market for smart vehicle innovation, we believe there is significant headroom to expand our commercial footprint beyond our existing customer base domestically. We plan to fund targeted initiatives aimed at increasing customer engagement, including expanding our domestic sales team and executing transformative benchmark projects. We expect these projects to serve as critical trust-building and validation opportunities, allowing prospective customers to evaluate our reliability and performance before committing to full-scale adoption.

(iv) **Working Capital and Other General Corporate Purposes**. Approximately **[REDACTED]**, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to working capital enhancement and other general corporate purposes.

If the **[REDACTED]** is determined at the highest point of the stated range, the net **[REDACTED]** from this **[REDACTED]** would be increased by approximately HK$**[REDACTED]**. If the **[REDACTED]** is determined at the lowest point of the stated range, the net **[REDACTED]** to our Company would be decreased to approximately HK$**[REDACTED]**. The above allocation of the net **[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]** stated in this Document.

If the **[REDACTED]** is exercised in full, the net **[REDACTED]** that we will receive will be approximately **[REDACTED]** million, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the midpoint of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the aforementioned purposes in the proportions stated above.

To the extent that the net **[REDACTED]** are not immediately applied toward the purposes outlined above, and insofar as permitted by applicable laws and regulations, we will place the net **[REDACTED]** exclusively in short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages [I-1] to I-[53], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEGATRONIX INC., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED AND DEUTSCHE SECURITIES ASIA LIMITED

Introduction

We report on the historical financial information of Megatronix Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-53], 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 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-3] to [I-53] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (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 (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 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, 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 1.2 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-3] 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]

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 International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("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	For the year ended December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	5	387,847	1,513,000	1,419,735
Cost of revenue		(314,288)	(1,329,853)	(1,110,454)
Gross profit		73,559	183,147	309,281
Other income	6	13,797	10,651	10,790
Other gains and losses	7	104,741	(21,340)	(18,068)
Impairment losses under expected credit loss model, net of reversal	8	(867)	(5,651)	(1,962)
Selling and marketing expenses		(17,963)	(21,726)	(34,402)
Administrative expenses		(49,863)	(61,605)	(74,966)
Research and development expenses		(261,793)	(290,154)	(357,764)
Finance costs	9	(1,048)	(1,800)	(8,937)
Change in fair value of convertible redeemable preferred shares	33	(283,541)	(148,098)	(115,092)
Loss before tax		(422,978)	(356,576)	(291,120)
Income tax expense	10	–	–	–
Loss for the year attributable to owners of the Company	11	(422,978)	(356,576)	(291,120)
Other comprehensive (expense) income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(48,153)	4,846	6,003
Total comprehensive expense for the year attributable to owners of the Company		(471,131)	(351,730)	(285,117)
Loss per share				
Basic and diluted (RMB)	15	(3.92)	(3.30)	(2.70)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current Assets				
Property and equipment	16	22,453	26,316	22,300
Right-of-use assets	17	20,205	9,844	14,853
Intangible assets	18	2,651	6,886	7,760
Prepayments, deposits and other receivables	23	5,589	26,524	39,497
		50,898	69,570	84,410
Current Assets				
Inventories	19	178,925	135,122	191,987
Trade receivables	20	157,309	669,271	649,231
Notes receivables	22	1,075	57,195	249,486
Prepayments, deposits and other receivables	23	260,998	321,854	544,510
Financial assets at fair value through profit or loss	26	–	–	10,003
Contract assets	24	16,521	5,190	2,918
Contract costs	25	3,991	7,555	18,701
Restricted cash	27	–	–	200,000
Cash and cash equivalents	27	325,774	185,726	186,721
		944,593	1,381,913	2,053,557
Current Liabilities				
Trade payables	28	78,656	399,995	318,690
Accrued expense and other payables	29	116,986	362,756	923,897
Lease liabilities	30	15,044	7,934	7,885
Bank borrowings	31	–	55,000	330,000
Financial liabilities from notes discounted	31、22	–	–	101,627
Contract liabilities	32	44,068	23,499	19,277
Convertible redeemable preferred shares	33	1,747,368	1,967,053	2,082,145
		2,002,122	2,816,237	3,783,521
Net Current Liabilities		(1,057,529)	(1,434,324)	(1,729,964)
Total Assets less Current Liabilities		(1,006,631)	(1,364,754)	(1,645,554)
Non-current Liability				
Lease liabilities	30	8,549	2,156	6,473
Net Liabilities		(1,015,180)	(1,366,910)	(1,652,027)
EQUITY				
Share capital	35	75	75	75
Reserves		(1,015,255)	(1,366,985)	(1,652,102)
Total Deficits		(1,015,180)	(1,366,910)	(1,652,027)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current Asset				
Investments in a subsidiary	43	1,103,551	1,376,459	1,385,769
		1,103,551	1,376,459	1,385,769
Current Assets				
Prepayments, deposits and other receivables	23	124,995	3,140	3,140
Cash and cash equivalents	27	88,740	9,247	11
		213,735	12,387	3,151
Current Liabilities				
Accrued expense and other payables	29	2,089	–	–
Amounts due to subsidiaries	42	25,692	26,126	26,595
Convertible redeemable preferred shares	33	1,747,368	1,967,053	2,082,145
		1,775,149	1,993,179	2,108,740
Net Current Liabilities		(1,561,414)	(1,980,792)	(2,105,589)
Total Assets less Current Liabilities		(457,863)	(604,333)	(719,820)
Net Liabilities		(457,863)	(604,333)	(719,820)
EQUITY				
Share capital	35	75	75	75
Reserves	36	(457,938)	(604,408)	(719,895)
Total Deficits		(457,863)	(604,333)	(719,820)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	Other reserve	Translation reserve	Accumulated deficit	Total
	RMB'000 (Note 35)	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000
As at January 1, 2022	75	(15,328)	19,764	(548,560)	(544,049)
Loss for the year	–	–	–	(422,978)	(422,978)
Other comprehensive expense for the year	–	–	(48,153)	–	(48,153)
Total comprehensive expense	–	–	(48,153)	(422,978)	(471,131)
As at December 31, 2022	75	(15,328)	(28,389)	(971,538)	(1,015,180)
Loss for the year	–	–	–	(356,576)	(356,576)
Other comprehensive income for the year	–	–	4,846	–	4,846
Total comprehensive income (expense)	–	–	4,846	(356,576)	(351,730)
As at December 31, 2023	75	(15,328)	(23,543)	(1,328,114)	(1,366,910)
Loss for the year	–	–	–	(291,120)	(291,120)
Other comprehensive income for the year	–	–	6,003	–	6,003
Total comprehensive income (expense)	–	–	6,003	(291,120)	(285,117)
As at December 31, 2024	75	(15,328)	(17,540)	(1,619,234)	(1,652,027)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Loss before tax	(422,978)	(356,576)	(291,120)
Adjustments for:			
Depreciation of property and equipment	7,463	12,532	15,497
Depreciation of right-of-use assets	8,575	12,725	10,572
Amortization of intangible assets	688	1,702	2,260
Write-down on inventories	955	7,939	7,117
Impairment losses recognized under expected credit loss model, net of reversal	867	5,651	1,962
Warranty provision recognized	1,296	5,562	4,707
Gain on fair value change of financial assets at fair value through profit or loss	–	–	(3)
Loss on disposal of property and equipment	2	–	136
Loss on modification of right-of-use assets	–	–	2
Finance costs	1,048	1,800	8,937
Foreign exchange (gain)/loss	(104,767)	20,840	17,933
Loss on fair value change of convertible redeemable preferred shares	283,541	148,098	115,092
Operating cash flows before movements in working capital	(223,310)	(139,727)	(106,908)
(Increase)/decrease in trade receivables	(152,946)	(517,743)	18,039
Increase in notes receivables	(314)	(93,188)	(464,796)
(Increase)/decrease in contract assets	(9,307)	11,461	2,311
Increase in contract costs	(1,201)	(3,564)	(11,146)
(Increase)/decrease inventories	(175,147)	35,864	(63,982)
Increase in prepayments, deposits and other receivables	(129,400)	(208,801)	(238,813)
Increase/(decrease) in trade payables	77,563	358,407	(50,482)
Increase in accrued expense and other payables	96,997	240,208	356,160
Increase/(decrease) in contract liabilities	15,508	(20,569)	(4,222)
Cash used in operations	(501,557)	(337,652)	(563,839)
Interest received	2,574	5,155	3,184
NET CASH USED IN OPERATING ACTIVITIES	(498,983)	(332,497)	(560,655)
INVESTING ACTIVITIES			
Placement of restricted bank balance	–	–	(200,000)
Purchase of financial assets at fair value through profit or loss	–	–	(10,000)
Payments for right-of-use assets	(626)	(489)	(691)
Proceeds from disposal of property and equipment	5,044	–	368
Purchase of property and equipment	(17,804)	(16,395)	(11,985)
Purchases of intangible assets	(2,162)	(5,937)	(3,134)
NET CASH USED IN INVESTING ACTIVITIES	(15,548)	(22,821)	(225,442)
FINANCING ACTIVITIES			
Proceeds from bank borrowings	–	118,653	497,087
Repayment of bank borrowings	–	(63,653)	(222,087)
Repayments of lease liabilities	(6,288)	(15,378)	(10,624)
Proceeds from issue of convertible redeemable preferred shares	–	193,442	200,000
Proceeds from notes discounted to banks with full recourse	–	–	343,583
Interest paid	(1,048)	(1,800)	(8,937)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(7,336)	231,264	799,022
Effect of foreign exchange rate changes	56,614	(15,994)	(11,930)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(465,253)	(140,048)	995
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	791,027	325,774	185,726
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	325,774	185,726	186,721
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Convertible redeemable preferred shares subscription receivable	121,855	–	–
Net settlement of notes discounted to banks	–	–	241,682

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

1.1 General Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 14, 2018 under the Companies Act of the Cayman Islands. Its ultimate parent is AIZL Holdings Limited, and its ultimate controlling party is Dr. Zhuang, Li ("Dr. Zhuang" or "Founder"), who is also the director and chief executive officer of the Company. The address of the registered office and the principal place of business is disclosed in the section headed "Corporate Information" in the Document.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of Smart Cockpit + X solutions (as defined in the document) in the People's Republic of China (the "PRC").

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its subsidiaries in the Mainland China, the functional currency of the Company's subsidiary in Hong Kong is United States dollar ("US$").

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there is no statutory audit requirement.

1.2 Basis of Preparation of the Historical Financial Information

The Historical Financial Information have been prepared based on the accounting policies which conform with IFRS Accounting Standards. 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "Companies Ordinance").

As at December 31, 2024, the Group had net current liabilities of RMB1,729,964,000 and net liabilities of RMB1,652,027,000. The net current liabilities and net liabilities primarily arise from the convertible redeemable preferred shares (the "Preferred Shares") amounting RMB2,082,145,000 as at December 31, 2024, which shareholders of the Preferred Shares can convert the Preferred Shares to ordinary share of the Company at any time. The Preferred Shares are only redeemable if **[REDACTED]** does not occur by December 30, 2028. The Group also recorded net loss and operating cash outflow of RMB291,120,000 and RMB560,655,000, respectively for the year ended December 31, 2024. The Group has performed a working capital forecast for the next twelve months. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, banking facility available to the Group, and fact that conversion of the Preferred Shares into ordinary shares (if any) will not result in cash outflow, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from December 31, 2024. Based on the judgments of the Directors, the assessment and the period covered have taken into account all relevant information, including any anticipated events or conditions, in assessing the use of the going concern basis in preparing the Historical Financial Information. Accordingly, the Directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

1.3 Contractual Arrangements and Group Reorganization

During the Track Record Period, Megatronix (Beijing) Information Technology Co., Ltd. (邁天龍(北京)信息技術有限公司), "Megatronix Infotech", the variable interest entity or the "VIE") was controlled by the Group through a series of agreements (the "Contractual Arrangement"). The Group completed a restructuring (the "Reorganization") pursuant to which the Contractual Arrangements were terminated on June 6, 2025 and the Group acquired full ownership of Megatronix Infotech at the consideration of RMB3,140,000, which equals to the loan to nominee shareholder of the VIE (Note 23) and Megatronix Infotech becomes a wholly owned subsidiary of the Group. There was no material business conducted by Megatronix Infotech during the Track Record Period.

On August 28, 2018 and January 9, 2019, the wholly-owned subsidiary of the Company, Megatronix (Beijing) Technology Co., Ltd. (鎂佳(北京)科技有限公司 "Megatronix (Beijing) Technology"), has entered into the Contractual Arrangement and further updated subsequently, with Megatronix Infotech and its respective equity holders (the "Nominee Shareholder" of the VIE), including (1) exclusive business cooperation agreement (《獨家業務合作協議》), (2) exclusive asset acquisition agreement (《獨家資產認購合同》), (3) exclusive option agreement《獨家股權購買權合同》and equity pledge agreement (《股權質押合同》), and power of attorney (《股東表決權委托協議》) and spouse consent letter (《配偶同意函》). The Contractual Arrangements enable Megatronix (Beijing) Technology and the Company to:

- expose, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over Megatronix Infotech;
- exercise effective financial and operational control over of Megatronix Infotech;
- irrevocably exercise equity holders' controlling voting rights of Megatronix Infotech;
- receive substantially all of the economic interest returns generated by Megatronix Infotech in consideration for the business support, technical and consulting services provided by Megatronix (Beijing) Technology.
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Megatronix Infotech from the respective equity holders at a minimum purchase price permitted under PRC Laws. Megatronix (Beijing) Technology may exercise such options at any time until it has acquired all equity interests and/or all assets of the Megatronix Infotech. In addition, Megatronix Infotech are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Megatronix (Beijing) Technology; and
- obtain a pledge over the entire equity interests of Megatronix Infotech from their equity holders as collateral security for all of Megatronix Infotech's payments due to Megatronix (Beijing) Technology and to secure performance of Megatronix Infotech's obligations under the Contractual Arrangements.

The Group does not have any equity interest in Megatronix Infotech. However, as a result of the Contractual Arrangements, the Group has power over Megatronix Infotech, has rights to variable returns from its involvement with Megatronix Infotech and has the ability to affect those returns through its power over Megatronix Infotech and is therefore considered to have control over Megatronix Infotech. Consequently, the Company regards Megatronix Infotech as an indirect subsidiary for accounting purpose. The Company consolidated the financial position and the results of operation of Megatronix Infotech during the Track Record Period.

Total assets of Megatronix Infotech were RMB5,564,000, RMB3,180,000 and RMB1,538,000 as at December 31, 2022, 2023 and 2024 respectively, and these balances have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between Megatronix Infotech and other entities within the Group eliminated.

Total revenue of Megatronix Infotech was RMB714,000, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively, and these amounts have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between Megatronix Infotech and other entities within the Group eliminated.

2. 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 period beginning on or after January 1, 2024, throughout the Track Record Period.

New and Revised 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 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
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 Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[3]
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.

Except for the amendments to IFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

Impacts on application of IFRS 18 Presentation and Disclosure in Financial Statements

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 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 *Financial Instruments Disclosures*. 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. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

3.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries of the Group controlled by the Company. 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.

3.2 Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5, Note 24 and Note 25.

3.3 Subcontractor arrangement

The Group enters into subcontracting arrangements for the production of Smart Cockpit + X solutions. Under these arrangements, the Group purchases materials, sells them to subcontractors for manufacturing, and subsequently repurchases the completed components from subcontractors and sell to customers. In these transactions, subcontractors act solely as service providers, and no revenue and cost of sales were recognized for transactions with subcontractors.

Receivables from subcontractors and payables to subcontractors are presented separately in the financial statements in accordance with IAS 32. Offsetting is not permitted as there is no legally enforceable right to set off such amounts, nor an intention to settle on a net basis.

3.4 Research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred. When no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

3.5 Government grants

Government grants are not recognized 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 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 recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3.6 Employee benefits

Retirement benefit costs

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized 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 recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

3.7 Share-based payments

Equity-settled share-based payment transactions

Shares 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. 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 recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

3.8 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 recognized on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments 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 and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 in which 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 the 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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

3.9 Cash and cash equivalents

For the purposes of the consolidated statements of financial position and the consolidated statements of cash flows, cash and cash equivalents consist of:

(a) cash, which comprises of cash on hand, 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.

3.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a 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 the Group must incur to make the sale.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

3.11 Contract cost

The Group incurs costs to fulfill a contract in the Smart Cockpit + X solutions. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes 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; an

(c) the costs are expected to be recovered.

The asset is subsequently recognized to profit or loss at a point in time when solutions are accepted by the customers.

3.12 Provision

Provisions are recognized 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 recognized 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 + X solutions used in cars are recognized at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.13 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.

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 *Revenue from Contracts with Customers*. 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.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized 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.

Investments in wealth management products issued by banks are classified as financial assets at FVTPL as the principal amount and expected returns of these wealth management products are not guaranteed, and the contractual terms does not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. 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.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or designated as fair value through other comprehensive income (" 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 recognized in profit or loss. The net gain or loss recognized in profit or loss includes 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 financial assets at FVTPL, trade receivables, notes receivables, deposits and other receivables, restricted cash, and cash and cash equivalents), and other items (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 financial 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.

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 Group always recognizes lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at 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 foregoing, 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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(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 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 recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for 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.

The Group measures ECL on a collective basis for portfolios of financial instruments that share similar economic risk characteristics. Lifetime ECL for 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.

The grouping is regularly reviewed by the 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 amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and notes receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes 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.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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 the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade payables, accrued expense and other payables, bank borrowings and financial liabilities from notes discounted are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, 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 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 the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial liabilities at FVTPL

As at December 31, 2022, 2023 and 2024, the Group's Preferred Shares amounting to RMB1,747,368,000, RMB1,967,053,000 and RMB2,082,145,000, respectively, are measured as financial liabilities at FVTPL, which is determined using Black-Scholes option pricing model with significant unobservable inputs used. Judgement and estimation are required in establishing the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the Preferred Shares. Details of the financial liabilities at FVTPL are disclosed in Note 33.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Types of revenue line:			
Smart Cockpit + X solutions	387,847	1,513,000	1,419,735
Timing of revenue recognition:			
At a point in time	387,847	1,513,000	1,419,735

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group provides Smart Cockpit + X solutions to original equipment manufacturers, which designs, develops, and manufactures passenger vehicles ("OEMs") and supplier of OEMs in connection with their production of passenger vehicles ("Supplier of OEMs").

Revenue from Smart Cockpit + X solutions and components are recognized at a point in time when the solutions or the components are accepted by the customers.

Revenue from Smart Cockpit + X solutions may involve variable consideration arrangement, which depends on the quantity of Smart Cockpit + X solutions delivered to OEMs or to Supplier of OEMs. Management makes the best estimate of the transaction price with variable consideration, which would not include any estimated amounts of variable consideration that are constrained.

Sales-related warranties are not sold separately and serve as an assurance that the products sold comply with agreed-upon specifications. The Group accounts for these warranties in accordance with IAS 37, "Provisions, Contingent Liabilities, and Contingent Assets." The warranty provision is based on historical experience and management's best estimate and is updated at each reporting period.

As all performance obligation under the contracts are expected to be completed within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Segment information

Information reported to the chief executive officer of the Company, who is identified as the chief operating decision maker ("CODM") of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed by the CODM. Accordingly, no operating segment information is presented.

(iv) Geographical information

No geographic information is presented as the non-current assets are all located in the PRC and revenue of the Group are all derived from its activities in the PRC.

(v) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer F	N/A[1]	N/A[1]	323,701
Customer G	–	N/A[1]	295,619
Customer I	–	N/A[1]	198,971
Customer B	94,156	274,200	195,868
Customer H	N/A[1]	N/A[1]	189,344
Customer A	204,958	801,633	N/A[1]

Note 1: The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

6. OTHER INCOME

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants (Note)	9,855	5,323	7,598
Interest income from bank balances	2,574	5,155	3,184
Others	1,368	173	8
	13,797	10,651	10,790

Note:

The government grants mainly represent incentives provided by local government authorities in the PRC to reward the Group's support and contribution for the development of local economies.

7. OTHER GAINS AND LOSSES

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Foreign exchange gain (loss)	104,767	(20,840)	(17,933)
Others	(26)	(500)	(135)
	104,741	(21,340)	(18,068)

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment losses (reversal) recognized on:			
- Trade receivables	756	5,781	2,001
- Contract assets	111	(130)	(39)
	867	5,651	1,962

Details of impairment assessment are set out in Note 39.

9. FINANCE COSTS

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interests on lease liabilities	1,048	1,100	846
Interests on bank borrowings and financial liabilities from notes discounted	–	700	8,091
	1,048	1,800	8,937

10. INCOME TAX EXPENSE

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax	–	–	–
Deferred tax (Note 21)	–	–	–
	–	–	–

The Company was incorporated in the Cayman Islands and is tax exempted under the tax laws of the Cayman Islands.

Under the Law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

The Group's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions. Under the EIT Law effective on January 1, 2008, the "High and New Technology Enterprise" (the "HNTE") status of qualifying entities is valid for three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the HNTE status. Megatronix (Beijing) Technology was qualified as HNTE in 2020 and renewed its HNTE in 2023, and was entitled to a preferential tax rate of 15% from 2020 to 2025. Megatronix (Wuhan) Technology Co. (鎂佳(武漢)科技有限公司, the "Megatronix (Wuhan) Technology") was qualified as HNTE and was entitled to a preferential tax rate of 15% from 2024 to 2026.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in Research and development ("R&D") activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). Starting from January 2021, the Super Deduction ratio increased to 100% for manufacturing industry. Starting from October 1, 2022, the Super Deduction ratio was increased to 100% for other industries. Megatronix (Beijing) Technology and Megatronix (Wuhan) Technology were entitled to Super Deduction during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before tax	(422,978)	(356,576)	(291,120)
Tax at the statutory rate (25%)	(105,745)	(89,144)	(72,780)
Tax effect of differences in preferential tax rate	35,907	19,613	46,264
Tax effect of expenses not deductible for tax purposes	806	462	810
Tax effect of differences in foreign tax rate	46,435	36,611	29,270
Tax effect of Super Deduction	(43,978)	(56,454)	(77,200)
Tax effect of deductible temporary differences not recognized	1,215	4,421	2,930
Utilisation of deductible temporary differences previously not recognized	–	(790)	(185)
Tax effect of tax losses not recognized	65,360	85,281	70,891
Income tax expense for the year	–	–	–

11. LOSS FOR THE YEAR

The Group's loss for the year during the Track Record Period has been arrived at after charging:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Staff costs (including Directors' emoluments as set out in Note 12):			
Salaries and other benefits	176,752	217,956	245,054
Bonus	21,103	18,894	21,571
Retirement benefit scheme contributions	17,060	21,809	24,774
Total staff costs	214,915	258,659	291,399
Depreciation and amortization:			
Depreciation of property and equipment	7,463	12,532	15,497
Depreciation of right-of-use assets	8,575	12,725	10,572
Amortization of intangible assets	688	1,702	2,260
Total depreciation and amortization	16,726	26,959	28,329
Cost of inventories recognized as an expense (including write-down of inventories amounting to RMB955,000, RMB7,939,000 and RMB7,117,000 during the years ended December 31, 2022, 2023 and 2024, respectively)	302,531	1,315,646	1,096,165
Auditor's remuneration	31	35	77

12. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

The emoluments paid or payable to the Directors and chief executive of the Company by entities comprising the Group during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	For the year ended December 31, 2022			
	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000 *(Note ii)*	RMB'000	RMB'000
Executive Directors (Note i):				
Dr. Zhuang (Note iii)	888	141	58	1,087
Mr. Xiao Yangke (Note iii)	1,015	164	58	1,237
Non-executive Directors (Note iv):				
Mr. Zhang Han (Note iii)	–	–	–	–
Ms. Xu Shi (Note iii)	–	–	–	–
Mr. He Jia (Note iii)	–	–	–	–
Ms. Zhang Yu (Note iii)	–	–	–	–
Mr. David Wenda Yuan (Note iii)	–	–	–	–
Total	1,903	305	116	2,324

	For the year ended December 31, 2023			
	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000 (*Note ii*)	RMB'000	RMB'000
Executive Directors (*Note i*):				
Dr. Zhuang (Note iii)	890	74	63	1,027
Mr. Xiao Yangke (Note iii)	1,022	97	63	1,182
Non-executive Directors (Note iv):				
Ms. Xu Shi (Note iii)	–	–	–	–
Mr. He Jia (Note iii)	–	–	–	–
Ms. Zhang Yu (Note iii)	–	–	–	–
Mr. David Wenda Yuan (Note iii)	–	–	–	–
Total	1,912	171	126	2,209

	For the year ended December 31, 2024			
	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000 (*Note ii*)	RMB'000	RMB'000
Executive Directors (*Note i*):				
Dr. Zhuang (Note iii)	890	74	66	1,030
Mr. Xiao Yangke (Note iii)	1,024	97	66	1,187
Non-executive Directors (Note iv):				
Ms. Xu Shi (Note iii)	–	–	–	–
Mr. He Jia (Note iii)	–	–	–	–
Ms. Zhang Yu (Note iii)	–	–	–	–
Mr. David Wenda Yuan (Note iii)	–	–	–	–
Total	1,914	171	132	2,217

Notes:

i. The executive Directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

ii. Performance-based bonuses were determined based on the individual's performance.

iii. Dr. Zhuang has been appointed as chief executive officer of the Company since August 27, 2019. Mr. Xiao Yangke has been appointed as a director of the board since September 20, 2019. Ms. Xu Shi has been appointed as a non-executive director of the board since August 28, 2018. Mr. He Jia has been appointed as a non-executive director of the board since March 18, 2020. Mrs. Zhang Yu has been appointed as a non-executive director of the board since April 1, 2021. Mr. David Wenda Yuan has been appointed as a non-executive director of the board since April 7, 2022. Mr. Zhang Han has been appointed as a non-executive director of the board since January 9, 2019 and resigned at on April 7, 2022.

iv. These non-executive Directors were appointed by the preferred shareholders and no emoluments were paid by the Group during the Track Record Period.

During the Track Record Period, certain Directors were granted share options and restricted share awards, details of the option plans are set out in Note 34.

None of the Directors waived or agreed to waive any emoluments during the Track Record Period.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included one, one and one director for the years ended December 31, 2022, 2023 and 2024, respectively, details of whose remuneration are set out in Note 12. Details of the remuneration for the remaining four, four and four individuals who are not director of the Company for the Track Record Period were as follows:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and allowances	4,826	4,638	3,927
Performance-based bonuses	834	901	374
Compensation for the loss of office	–	–	307
Retirement benefit scheme contributions	237	257	264
	5,897	5,796	4,872

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	For the year ended December 31,		
	2022	2023	2024
	No. of employees	No. of employees	No. of employees
HKD1,000,001 to HKD1,500,000	–	2	4
HKD1,500,001 to HKD2,000,000	4	2	–
Total	4	4	4

During the Track Record Period, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group.

During the Track Record Period, certain five highest paid employees were granted share options and restricted share awards, details of the option plans are set out in Note 34.

14. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the Track Record Period, nor has any dividends been proposed since the end of the Track Record Period.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss:			
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share:	422,978	356,576	291,120
Number of shares:			
Number of ordinary shares for the purpose of basic and diluted loss per share	107,972,688	107,972,688	107,972,688

The computation of diluted loss per share for the year ended December 31, 2022, 2023 and 2024 has not taken into consideration the (1) the conversion of all the Preferred Shares, and (2) the exercise of the Company's options, as the effect is anti-dilutive.

16. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Electric equipment	Others	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At January 1, 2022	1,086	20,147	705	2,268	24,206
Additions	1,382	14,440	447	1,535	17,804
Disposals	–	(5,632)	(278)	–	(5,910)
At December 31, 2022	2,468	28,955	874	3,803	36,100
Additions	284	14,483	392	1,236	16,395
At December 31, 2023	2,752	43,438	1,266	5,039	52,495
Additions	155	7,675	533	3,622	11,985
Disposals	–	–	(682)	–	(682)
At December 31, 2024	2,907	51,113	1,117	8,661	63,798
DEPRECIATION					
At January 1, 2022	159	6,316	101	472	7,048
Charge for the year	286	6,019	190	968	7,463
Eliminated on disposals	–	(837)	(27)	–	(864)
At December 31, 2022	445	11,498	264	1,440	13,647
Charge for the year	506	10,026	258	1,742	12,532
At December 31, 2023	951	21,524	522	3,182	26,179
Charge for the year	530	12,231	301	2,435	15,497
Eliminated on disposals	–	–	(178)	–	(178)
At December 31, 2024	1,481	33,755	645	5,617	41,498
CARRYING AMOUNT					
At December 31, 2022	2,023	17,457	610	2,363	22,453
At December 31, 2023	1,801	21,914	744	1,857	26,316
At December 31, 2024	1,426	17,358	472	3,044	22,300

Note:

The above items of property and equipment, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	19.00%-31.67%
Electric equipment	15.83%-31.67%
Others	23.75%-31.67%
Leasehold improvement	Over the shorter of the lease term or 3 years

17. RIGHT-OF-USE ASSETS

	Leased properties		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at January 1	15,769	20,205	9,844
Additions	13,011	2,364	16,000
Depreciation charge	(8,575)	(12,725)	(10,572)
Lease modification	–	–	(419)
As at December 31	20,205	9,844	14,853

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Expense relating to short-term lease	116	547	1,277
Total cash outflow for leases	7,452	17,025	12,747

During the Track Record Period, the Group leases various office space and warehouse for its operations. Lease contracts are entered into for fixed terms of 1 to 3 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.

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 regularly entered into short-term leases for office. During the Track Record Period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

Lease liabilities of the Group amount to RMB23,593,000, RMB10,090,000 and RMB14,358,000 are recognized with related right-of-use assets of RMB20,205,000, RMB9,844,000 and RMB14,853,000 as at December 31, 2022, 2023 and 2024, respectively. 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 may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

	Software		
	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
COST			
At January 1	2,304	4,466	10,403
Additions	2,162	5,937	3,134
At December 31	4,466	10,403	13,537
AMORTIZATION			
At January 1	1,127	1,815	3,517
Charge for the year	688	1,702	2,260
At December 31	1,815	3,517	5,777
CARRYING AMOUNT			
At December 31	2,651	6,886	7,760

The above items of intangible assets were software purchased from third parties. All intangible assets have finite useful lives and are amortized on a straight-line basis over five years.

19. INVENTORIES

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	159,248	101,351	139,143
Finished goods	19,677	33,771	52,844
	178,925	135,122	191,987

20. TRADE RECEIVABLES

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	158,129	675,872	657,833
Less: allowance for ECL	(820)	(6,601)	(8,602)
Trade receivables, net of allowance for ECL	157,309	669,271	649,231

The Group generally grants credit period between 30 to 90 days which are agreed with each of its customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group. As at December 31, 2022, 2023 and 2024, out of the past due balances, RMB920,000, RMB37,078,000 and RMB16,796,000 have been past due 90 days or more and are not considered as in default by considering the background of the debtors and historical payment arrangement.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 90 days	156,415	632,574	632,654
91 – 180 days	–	28,321	16,478
181 – 365 days	–	7,271	–
1 – 2 years	894	211	99
2 – 3 years	–	894	–
	157,309	669,271	649,231

As at December 31, 2022, 2023 and 2024, trade receivable of nil, nil and RMB195,045,000, respectively, were held as collateral for short term bank loan (Note 31).

Details of impairment assessment of trade receivables are set out in Note 39.

As at January 1, 2022, trade receivables of the Group, net of allowance for ECL, amounted to RMB5,119,000.

21. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deferred tax assets	3,508	1,949	2,228
Deferred tax liabilities	(3,508)	(1,949)	(2,228)
	–	–	–

The followings are the deferred tax assets (liabilities) recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Allowance for credit loss	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	(2,467)	2,467	–	–	–
(Charge) credit to profit or loss (Note 10)	(1,041)	1,035	–	6	–
At December 31, 2022	(3,508)	3,502	–	6	–
Credit (charge) to profit or loss (Note 10)	1,559	(1,555)	2	(6)	–
At December 31, 2023	(1,949)	1,947	2	–	–
(Charge) credit to profit or loss (Note 10)	(279)	207	72	–	–
At December 31, 2024	(2,228)	2,154	74	–	–

As at December 31, 2022, 2023 and 2024, the Group has unused tax losses of RMB856,894,000, RMB1,277,454,000 and RMB1,737,153,000 available for offset against future profits. A deferred tax asset has been recognized in respect of RMB24,000, nil and nil of such losses for the years ended December 31, 2022, 2023 and 2024, respectively. No deferred tax asset has been recognized in respect of the remaining tax losses due to the unpredictability of future profit streams. As at December 31, 2022, 2023 and 2024, the Group has deductible temporary differences of RMB26,858,000, RMB31,021,000 and RMB47,010,000. A deferred tax asset has been recognized in respect of RMB20,181,000, RMB9,844,000 and RMB14,853,000 of such deductible temporary differences for the years ended December 31, 2022, 2023 and 2024, respectively. Unrecognized tax losses with expiry dates as disclosed in the following table:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
2024	10,550	10,550	–
2025	9,728	9,728	9,728
2026	16,378	16,378	16,378
2027	2,591	2,591	2,591
2028	12,674	18,524	18,524
2029	111,282	111,282	114,096
2030	124,284	124,284	124,284
2031	166,829	166,829	166,829
2032	402,250	402,250	402,250
2033	–	411,758	411,758
2034	–	–	462,633
Total	**856,566**	**1,274,174**	**1,729,071**

22. NOTES RECEIVABLES

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Notes receivables	1,075	57,195	249,486

Notes received are held by the Group for settlement of trade receivables, of which certain notes were further discounted/endorsed by the Group. The Group continues to recognize their full carrying amounts at the end of each year. All notes received by the Group are with a maturity period of less than one year.

The following were the Group's financial assets as at December 31, 2023 and 2024 that were transferred to banks or suppliers by discounting/endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards for the endorsed notes, it continues to recognize the full carrying amount and has recognized the cash received on the transfer as a secured borrowing (note 31). These financial assets are carried at amortized cost in the consolidated statement of financial position.

As at December 31, 2023

	Notes discounted to bank with full recourse	Notes endorsed to suppliers with full recourse	Total
	RMB'000	RMB'000	RMB'000
Carrying amount of transferred assets	–	37,068	37,068
Carrying amount of associated liabilities	–	(37,068)	(37,068)
Net position	–	–	–

As at December 31, 2024

	Notes discounted to bank with full recourse	Notes endorsed to suppliers with full recourse	Total
	RMB'000	RMB'000	RMB'000
Carrying amount of transferred assets	101,901	67,891	169,792
Carrying amount of associated liabilities	(101,627)	(67,891)	(169,518)
Net position	274	–	274

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due from subcontractors (Note)	83,029	294,015	518,806
Deferred expenses	2,555	17,896	31,497
Rental and other deposits	19,242	19,253	15,907
Prepayments to suppliers and service providers	17,867	8,860	15,236
Input value added tax recoverable	20,383	6,156	137
Preferred shares subscription receivable	121,855	–	–
Others	1,656	2,198	2,424
	266,587	348,378	584,007
Analyzed as:			
Non-current	5,589	26,524	39,497
Current	260,998	321,854	544,510
	266,587	348,378	584,007

Note:

The Group utilizes subcontractors for the manufacture of Smart Cockpit + X solutions. The amounts represent consideration for inventories provided to subcontractors. Such amounts were subsequently settled in cash. (Note 3.3)

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Preferred shares subscription receivable	121,855	–	–
Loan receivable from the Nominee Shareholder of the VIE (Note)	3,140	3,140	3,140
	124,995	3,140	3,140

Note: Loan receivable from the Nominee Shareholder of the VIE represent amount of investment made by the Nominee Shareholder to the VIE, upon the completion of the Reorganization (Note 1.3) the amount were subsequently settled.

24. CONTRACT ASSETS

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets	16,521	5,190	2,918

As at January 1 2022, contract assets amounted to RMB7,325,000.

Note:

A contract asset is recorded when the Group has transferred services to the customer before the Group is entitled to the right to consideration according to the customer contract. Contract assets are transferred to trade receivable when the right to consideration become unconditional.

The Group also typically agrees to a retention period of 6 months to 1 year for 3-10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on expiration of the retention period. Upon expiration of the retention period, the amounts recognized as contract assets are reclassified to trade receivables.

25. CONTRACT COSTS

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Costs to fulfill contracts	3,991	7,555	18,701

Costs to fulfill contracts mainly comprise the engineering cost incurred directly related to an existing contract that will be used to satisfy performance obligations in the future.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products issued by a bank	–	–	10,003

As at December 31, 2024, the structured deposits issued by a bank are short-term investments denominated in RMB with return linked with certain foreign exchange rate and are principal protected.

27. CASH AND CASH EQUIVALENTS/RESTRICTED CASH

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents (Note i)	325,774	185,726	186,721
Restricted cash (Note ii)	–	–	200,000
	325,774	185,726	386,721

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	88,740	9,247	11

Notes:

i. Cash and cash equivalents of the Group and the Company comprise bank balances and cash on hand. Bank balances carried interest at prevailing market rates based on daily bank deposit rate during the Track Record Period. As at December 31, 2022, 2023 and 2024, the interest rate of these bank deposits ranged from 0.05% to 2.00%, from 0.05% to 4.00% and from 0.05% to 4.15% per annum, respectively.

ii. Restricted cash represents amounts received in advance for the issuance of Preferred Shares. As at December 31, 2024, the issuance had not been finalized, and these amounts were placed in a jointly managed account with restricted use of the funds. As at December 31, 2024, the annual interest rate on the restricted cash was nil. Subsequently, upon the closing of issuance of the Preferred Shares, the restricted cash is released.

28. TRADE PAYABLES

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	78,656	399,995	318,690

Trade payables are with a credit term of 30 to 120 days.

An aged analysis of the Group's trade payables, as at the end of the reporting period, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 90 days	75,672	379,167	294,850
90 – 180 days	2,984	20,828	23,840
	78,656	399,995	318,690

29. ACCRUED EXPENSE AND OTHER PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due to subcontractors (Note 1)	91,631	307,738	643,770
Investment funds received in advance (Note 2)	–	–	200,000
Accrued salaries	15,684	30,087	37,639
Other taxes payables	1,725	8,885	27,425
Accrued expenses	4,834	9,720	5,479
Warranty Provision	1,286	5,363	8,004
Others	1,826	963	1,580
	116,986	362,756	923,897

Notes:

(1) The Group utilizes subcontractors for manufacture of Smart Cockpit + X solutions. The amounts represent consideration for inventories purchased from the subcontractors. Such amounts were subsequently settled in cash (Note 3.3).

(2) Amount represent funds received for issue of the Preferred Shares before closing of the transaction, which were placed in a jointly managed account and disclosed as restricted cash (Note 27).

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Accrued expenses	2,089	–	–

30. LEASE LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lease liabilities:			
Within one year	15,044	7,934	7,885
Within a period of more than one year but not exceeding two years	6,734	2,156	6,187
Within a period of more than two years but not exceeding three years	1,815	–	286
	23,593	10,090	14,358
Less: Amounts due for settlement within 12 months shown under current liabilities	(15,044)	(7,934)	(7,885)
Amounts due for settlement after 12 months shown under non-current liabilities	8,549	2,156	6,473

As at December 31, 2022, 2023 and 2024, the incremental annual borrowing rates applied to lease liabilities of the Group ranged from 5.41% to 7.12%, from 5.42% to 7.12% and from 4.57% to 7.08%, respectively.

31. BORROWINGS

The Group

Based on the contractual repayment dates, all the borrowings are within one year shown under current liabilities:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings – unsecured and unguaranteed (note 1)	–	55,000	300,000
Bank borrowings – secured (Note 20)	–	–	30,000
Financial liabilities from notes discounted – secured (note 2)	–	–	101,627
	–	55,000	431,627

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at December 31,		
	2022	2023	2024
Borrowings – fixed-rate	–	3.45%-4.10%	2.70%~3.00%
Borrowings – floating rate	–	–	2.45%~2.70%

Note 1: certain bank borrowings are with financial covenants and all are in compliance as at December 31, 2023 and 2024.

Note 2: the amount represent cash received for notes receivables discounted to banks on a full recourse basis. As the Group has not transferred the significant risks and rewards of the financial assets, the Group continues to recognize the full carrying amount and has recognized the cash received on the transfer as a financial liabilities from notes discounted (Note 22).

32. CONTRACT LIABILITIES

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Smart Cockpit + X solutions	44,068	23,499	19,277

As at January 1, 2022, contract liabilities of the Group amounted to RMB20,714,000.

The following table shows how much of the Group's revenue recognized relates to carried-forward contract liabilities.

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities at beginning of the year	4,091	21,946	8,966

33. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group and the Company

Since the date of incorporation, the Company has completed several rounds of financing through issuing Preferred Shares. Details of outstanding Preferred Shares as at December 31, 2024 are set out below:

Series	Date of issuance	Subscription price per share	Number of shares	Total consideration	
		US$		US$'000	Equivalent to RMB'000
Series Seed	August 28, 2018	0.3000	20,000,000	6,000	40,831
Series A	January 9, 2019	0.8950	23,463,687	21,000	141,830
Series B-1	June 11, 2020	1.3425	14,897,579	20,000	140,595
Series B-2	November 12, 2020	1.3425	6,555,582	8,801	59,809
Series B-3	November 26, 2020	1.3425	8,341,997	11,199	73,328
Series C-1	April 1, 2021	2.5707	35,009,310	90,000	586,993
Series C-2	September 9, 2021	2.5707	5,834,885	15,000	96,923
Series D	December 30, 2022 August 4, 2023	3.0995	9,033,774	28,000	193,442
Total			123,136,814	200,000	1,333,751

Terms of the Preferred Shares are as follows:

(i) Conversion rights

Each holder of Preferred Shares shall have the right, at such holder's sole discretion, to convert all or any portion of its Preferred Shares into Ordinary Shares at any time, or upon the closing of a qualified initial public offering. The conversion rate for the Preferred Shares shall be determined by dividing the applicable Preferred Shares issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the Preferred Shares issue price (results in a 1-to-1 initial conversion ratio), as applicable, which will be subject to adjustments to reflect stock dividends, stock splits and/or other similar event in which all the holders of the Preferred Shares are entitled to participate on a pro rata basis, as provided that the conversion price shall not be less than the par value of the ordinary shares of the Company.

The Preferred Shares initial conversion price equals to the Preferred Shares subscription price, which shall be adjusted upon issuance of additional ordinary shares or instruments which can be converted into ordinary shares (on an as-converted basis) below the Preferred Shares initial conversion price or then effective conversion price in effect on the date of and immediately prior to such issuance.

(ii) Redemption rights

The Company shall redeem the Preferred Shares if (i) the Company has not consummated a qualified **[REDACTED]** or a trade sale before the fifth (5th) anniversary of December 30, 2022, for the two year ended December 31, 2023, or the company has not consummated a qualified **[REDACTED]** or a trade sale before December 30, 2028, for the year ended December 31, 2024; (ii) there is any material breach of the transaction documents (as defined in the shareholders agreement) by intentional fraud or intentional misconduct of any group company, or Dr. Zhuang, causing: (a) the Company's failure to convene a board meeting within twelve consecutive months, or (b) the suspension, cancelation, annulment or revocation of the licenses, permits, approvals, authorizations or registrations or filings with any governmental authority qualifying the lawful operation of the business of the group companies, which would lead to any failure of the regular business operation and management of and have a material adverse effect on the Group, (iii) there is any material impairment of the ability of any group company or the Founder to perform its or her material obligations, (iv) there is any material adverse change in the regulatory environment that will cause the arrangement under the Contractual Arrangement invalid or unenforceable.

The price at which a Preferred Share to be redeemed (the "Redemption Price") shall be equal to:

Redemption Price = IP + (IP×8%×N)+D, where

IP = the applicable Preferred Share Issue Price;

N = a fraction, the numerator of which is the number of calendar days between the date on which the Preferred Shares required to be redeemed are acquired and the date on which such Preferred Shares required to be redeemed is redeemed and such Redemption Price is paid and the denominator of which is 365, and

D = all declared but unpaid dividends on the Preferred Shares required to be redeemed up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

(iii) Liquidation preferences

In the event of any liquidation, dissolution or, winding up of the Company (the each an "Liquidation Event") occurs, either voluntary or involuntary, the holders of the series of the Preferred Shares shall entitle liquidation proceeds in the following sequences: (1) first to holders of the series D Preferred Shares, (2) second to series C Preferred Shares, (3) third to series B Preferred Shares, (4) fourth to series A Preferred Shares, and (5) fifth to seed Preferred Shares. After the all series of the Preferred Shares liquidation amount have been paid as set forth above, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pair passu basis among the holders of the Preferred Shares and ordinary shares on a fully-diluted and as converted basis.

The liquidation amount of each series of Preferred Shares is calculated as below:

Liquidation amount = IP + (IP×8%×N)+D, where

IP = the Preferred Share Issue Price of each series;

N = a fraction, the numerator of which is the number of calendar days between the date on which the such series of Preferred Shares are acquired and the date on which a Liquidation Event occurs and the denominator of which is 365, and

D = all declared but unpaid dividends on the such series of Preferred Shares, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

(iv) Dividends rights

The holder of the Preferred Shares shall be entitled to receive dividends at an amount equal to any dividends which would be distributed to the holders of Preferred Shares on a pro rata, pari passu basis among all holders of the ordinary shares and the Preferred Shares (on an as-converted basis), when, as and if declared. Unless and until any dividends or other distributions in like amount have been paid in full on the Preferred Shares (on an as-converted basis), the Company shall not declare, pay or set apart for payment, any dividend and other distributions on any other class of Shares.

(v) Voting rights

Each of the Preferred Share shall carry a number of votes equal to the number of ordinary shares then issuable upon its conversion into the ordinary shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. To the extent that applicable law, the memorandum and/or these articles of the Company require the Preferred Shares to vote separately as a class with respect to any matters, the Preferred Shares shall vote separately as a class with respect to such matters, otherwise, the holders of Preferred

Shares and ordinary shares shall vote together as a single class.

Presentation and classification

The Company elected to designate the Preferred Shares as financial liabilities at FVTPL. The Group has used the Black-Scholes option model or discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares as at the dates of issuance and at the end of December 31, 2022, December 31, 2023 and December 31, 2024. The fair value change of the is charged to profit or loss for the year, except for the portion attributable to credit risk change which shall be charged/credited to other comprehensive income, if any. As the holder of the Preferred Shares can convert the Preferred Shares to ordinary shares of the Company at any time, the Preferred Shares are classified as current liability during the Track Record Period.

The fair value was determined by the Directors with reference to valuation reports carried out by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited address at Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing.

The movement of the Preferred Shares is set out below:

	RMB'000
At January 1, 2022	1,341,972
Addition	121,855
Change in fair value	283,541
At December 31, 2022	1,747,368
Addition	71,587
Change in fair value	148,098
At December 31, 2023	1,967,053
Change in fair value	115,092
At December 31, 2024	2,082,145

Key valuation assumptions used in Black-Scholes option pricing model to determine the fair value of the Preferred Shares are as follows:

	As at December 31,		
	2022	2023	2024
The equity value of the Company (US$)	488,455,146	504,165,092	514,663,303
Risk-free interest rate	3.99%	3.93%	4.27%
Volatility rate	50.70%	51.09%	46.40%
Possibilities under liquidation scenario	30.00%	30.00%	30.00%
Possibilities under **[REDACTED]** scenario	40.00%	40.00%	40.00%
Possibilities under redemption scenario	30.00%	30.00%	30.00%

The Group estimate the risk-free interest rate based on the yield of US Government Bond with maturity life close to the redemption/liquidation date as at valuation date.

Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation date and with similar span as time to expiration.

34. SHARE-BASED PAYMENTS

The Group and the Company

In January 2019, the Company adopted the pre-**[REDACTED]** option plan (the "Pre-**[REDACTED]** Option Plan"). The Company can grant options to purchase up to 36,000,000 ordinary shares of the Company. In September 2020, the company reserved 16,163,873 ordinary shares for issuance upon the exercise of options granted under the plan.

Vesting conditions of share options granted under the Pre-**[REDACTED]** Option Plan including:

(1) Service condition: the shares option is subject to a four-year service requirement and shall vest 25% at the end of the first year following the vesting commencement date, with the remaining 75% to vest monthly over the next three years, if the following non-market performance condition also met;

(2) Non-market performance condition: the employee shall remain employment with the Company upon successful **[REDACTED]** of the Company.

The following table discloses movements of the Company's Share Options held by employees during the Track Record Period:

	Number of Share options	Weighted average exercise price
		US$
Options outstanding as at January 1, 2022	27,427,182	0.10
Granted	5,815,500	0.10
Forfeited	(3,740,891)	0.10
Options outstanding as at December 31, 2022	29,501,791	0.10
Granted	4,207,502	0.10
Forfeited	(2,058,369)	0.10
Options outstanding as at December 31, 2023	31,650,924	0.10
Granted	3,029,624	0.10
Forfeited	(8,047,514)	0.10
Options outstanding as at December 31, 2024	26,633,034	0.10

As at December 31, 2022, 2023 and 2024, the weighted average remaining contractual life of Time-Based Share Options outstanding is 7.21, 5.37, and 4.07 years, respectively.

These fair values were calculated using the Binomial model. Key inputs used in the model were as follows:

Grant date Range	Fair value of ordinary shares	Risk-free interest Rate	Expected life (years)	Exercised price	Expected volatility	Expected dividend yield	Weighted average fair value
	(note i)	(note ii)	(note iii)	(note iv)	(note v)	(note vi)	
2018	US$0.12	2.82%~3.20%	10	US$0.1	51.41%~58.94%	0.00%	US$0.08
2019	US$0.37	1.50%~2.76%	10	US$0.1	47.48%~50.96%	0.00%	US$0.31
2020	US$0.40~0.56	0.58%~1.85%	10	US$0.1	47.26%~49.10%	0.00%	US$0.34
2021	US$1.01~1.13	0.93%~1.69%	10	US$0.1	48.37%~48.83%	0.00%	US$0.57
2022	US$1.18~1.59	1.66%~4.25%	10	US$0.1	48.78%~49.54%	0.00%	US$1.08
2023	US$1.60~1.61	3.30%~4.86%	10	US$0.1	47.92%~49.32%	0.00%	US$1.51
2024	US$1.62~1.65	3.65%~4.64%	10	US$0.1	46.88%~47.85%	0.00%	US$1.54

Notes:

i. The fair value of the ordinary shares was estimated with reference to valuation reports prepared by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited, with its address at Room 2201, Digital 01 Building, No. 12 Guanghua Road, Chaoyang District, Beijing. The valuation methods involved either the discounted cash flow model or the back-solving model.

ii. Risk-free interest rate is estimated based on market yield of US Government Bonds with maturity date close to the life of options as at the valuation dates and country risk differential.

iii. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

iv. The exercised price of the options was determined by Company's board of Directors.

v. Expected volatility was determined by using the historical volatility of the comparable company's share price over the previous 10 years.

vi. The Company currently has no expectation of paying cash dividends on its ordinary stock.

As the vesting condition including both (1) service period, and (2) successful **[REDACTED]** of the Company which is a non-market performance condition. No share-based payment expense shall be recognized unless and until the **[REDACTED]** is probable. During the Track Record Period, management considers that the **[REDACTED]** is not probable, a result, no share-based compensation expense were recognized during Track Record Period.

35. SHARE CAPITAL

The Group and the Company

The balance of the share capital of the Group at December 31, 2022, 2023 and 2024 represented the share capital of the Company.

A summary of movements in the Company's authorized, issued and fully paid share capital is as follows:

	Number of shares	Nominal value per share	Total
		US$	US$
Authorized			
As at January 1, 2022, December 31, 2022, 2023 and 2024	500,000,000	0.0001	50,000

	Number of Ordinary shares	Amount	Shown in the historical financial information
		US$	RMB'000
Ordinary shares of US$0.0001 each			
Issued			
As at January 1, 2022, December 31, 2022, 2023 and 2024	107,972,688	10,797	75

36. RESERVES OF THE COMPANY

	Attributable to owners of the Company		
	Other reserve	Accumulated deficit	Total
	RMB'000 (Note)	RMB'000	RMB'000
As at January 1, 2022	(15,328)	(256,974)	(272,302)
Loss for the year	–	(185,636)	(185,636)
As at December 31, 2022	(15,328)	(442,610)	(457,938)
Loss for the year	–	(146,470)	(146,470)
As at December 31, 2023	(15,328)	(589,080)	(604,408)
Loss for the year	–	(115,487)	(115,487)
As at December 31, 2024	(15,328)	(704,567)	(719,895)

Note: the amount represents repurchase of ordinary shares from the Founder in excess of the par value before the Track Record Period.

37. RETIREMENT BENEFIT SCHEMES

The Group participates in defined contribution retirement schemes organized by the relevant local government authorities in the PRC. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expense recognized in profit or loss of approximately RMB17,060,000, RMB21,809,000 and RMB24,774,000 for the years ended December 31, 2022, 2023 and 2024, respectively, representing contributions paid/payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2022, 2023 and 2024, contributions of RMB903,000, RMB1,021,000 and RMB1,344,000, respectively, due in respect of those years then ended, had not been paid over to the plans.

38. 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 from financing activities:

			Non-cash changes					
	At January 1, 2022	Financing cash flows	Interest accruals	Lease Liabilities recognized/ modified	Preferred shares subscription receivable	Change in fair value	Net settlement of notes discounted to banks	At December 31, 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities (Note 30)	17,496	(7,336)	1,048	12,385	–	–	–	23,593
Preferred Shares (Note 33)	1,341,972	–	–	–	121,855	283,541	–	1,747,368
	1,359,468	(7,336)	1,048	12,385	121,855	283,541	–	1,770,961

			Non-cash changes					
	At January 1, 2023	Financing cash flows	Interest accruals	Lease Liabilities recognized/ modified	Preferred shares subscription receivable	Change in fair value	Net settlement of notes discounted to banks	At December 31, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank Borrowings (Note 31)	–	54,300	700	–	–	–	–	55,000
Lease liabilities (Note 30)	23,593	(16,478)	1,100	1,875	–	–	–	10,090
Preferred Shares (Note 33)	1,747,368	193,442	–	–	(121,855)	148,098	–	1,967,053
	1,770,961	231,264	1,800	1,875	(121,855)	148,098	–	2,032,143

			Non-cash changes					
	At January 1, 2024	Financing cash flows	Interest accruals	Lease Liabilities recognized/ modified	Preferred shares subscription receivable	Change in fair value	Net settlement of notes discounted to banks	At December 31, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings (Note 31)	55,000	266,909	8,091	–	–	–		330,000
Financial liabilities from notes discounted (Note 31)	–	343,583	–	–	–	–	(241,956)	101,627
Lease liabilities (Note 30)	10,090	(11,470)	846	14,892	–	–	–	14,358
Investment funds received in advance (Note 29)	–	200,000	–	–	–	–	–	200,000
Preferred Shares (Note 33)	1,967,053	–	–	–	–	115,092	–	2,082,145
	2,032,143	799,022	8,937	14,892	–	115,092	(241,956)	2,728,130

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets:			
Financial assets at FVTPL	–	–	10,003
Financial assets at amortized cost:			
– Trade receivables	157,309	669,271	649,231
– Notes receivables	1,075	57,195	249,486
– Prepayments, deposits and other receivables	225,782	315,466	537,137
– Restricted cash	–	–	200,000
– Cash and cash equivalents	325,774	185,726	186,721
	709,940	1,227,658	1,832,578
Financial liabilities:			
Preferred shares	1,747,368	1,967,053	2,082,145
Financial liabilities at amortized cost:			
– Trade payables	78,656	399,995	318,690
– Accrued expense and other payables	98,291	318,421	650,829
– Bank borrowings	–	55,000	330,000
– Financial liabilities from notes discounted	–	–	101,627
	1,924,315	2,740,469	3,483,291
Lease liabilities	23,593	10,090	14,358

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets:			
Financial assets at amortized cost:			
– Prepayments, deposits and other receivables	124,995	3,140	3,140
– Cash and cash equivalents	88,740	9,247	11
	213,735	12,387	3,151
Financial liabilities:			
Preferred shares	1,747,368	1,967,053	2,082,145
Financial liabilities at amortized cost:			
– Accrued expense and other payables	2,089	–	–
– Amounts due to subsidiaries	25,692	26,126	26,595
	1,775,149	1,993,179	2,108,740

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, notes receivables, prepayments deposits and other receivables, restricted cash, cash and cash equivalents, Preferred Shares, trade payables, other payables, lease liabilities and bank borrowings. Details of these 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 of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

A subsidiary of the Group has intra-group balances with another subsidiary denominated in foreign currency which expose the Group to foreign currency risk. Amount due to group companies dominated in foreign currency amount to RMB300,387,000, RMB512,978,000 and RMB394,591,000 as at December 31, 2022, 2023 and 2024, respectively.

If RMB had been appreciated/depreciated 5% against the foreign currency and all other variables were held constant, the Group's post-tax loss for the years ended 31 December 2022, 2023 and 2024 would have decrease/increase by RMB15,019,000/RMB15,019,000, RMB25,649,000/RMB25,649,000 and RMB19,730,000/RMB19,730,000 for the year ended December 31, 2022, 2023 and 2024, respectively.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to cash and cash equivalents (Note 27), restricted cash (Note 27), lease liabilities (Note 30) and bank borrowing (Note 31). The Group is exposed to cash flow interest risk in relation to floating rate bank borrowing (Note 31). The management of the Group manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank balances. 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.

No sensitivity analysis on interest rate risk is presented as the Directors consider the sensitivity on interest rate risk on fixed-rate bank balances, and fixed or floating-rate borrowings is insignificant.

Other price risk

The Group is exposed to other price risk through the Preferred Shares and investments in financial assets measured at FVTPL. Sensitivity analyzes for the Preferred Shares were disclosed in Note 40. The management of the Group considers that the fluctuation in fair value of structured deposits was insignificant, taking into account the short-term duration of such financial products. A sensitivity analysis of other price risks is not presented.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position (including trade receivables, notes receivables, deposits and other receivables, financial assets at FVTPL, restricted cash and cash and cash equivalents).

Restricted cash, cash and cash equivalents and notes receivable

Credit risk on restricted bank deposits/bank balances/notes receivable is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for restricted bank deposits/bank balances/notes receivable by reference to information relating to probability of default and loss given default of the respective counter parties. Based on the average loss rates, the 12m ECL restricted bank deposits/bank balances/notes receivable is considered to be insignificant and therefore no loss allowance was recognized during the Track Record Period.

Deposits and other receivables

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits 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 are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognized during the Track Record Period.

Trade receivables and contract assets arising from contracts with customers

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers 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 accounted for 100% of the total trade receivables as at December 31, 2022, 2023 and 2024. The Group has concentration of credit risk as 68.84%, 28.00% and 20.80% of total trade receivable was due from the Group's largest customer and 98.54%, 89.05% and 81.29% of total trade receivable was due from the Group's five largest customers for the year ended December 31, 2022, 2023 and 2024, respectively. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by reference to information relating to probability of default and loss given default of the respective counter parties and adjusted for forward-looking information that is available without undue cost or effort.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rate	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	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
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 financial assets and contract assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	2022 Gross carrying amount	2023 Gross carrying amount	2024 Gross carrying amount
				RMB'000	RMB'000	RMB'000
Financial assets at amortized cost						
Trade receivables	20	Low risk	Lifetime ECL (not credit impaired)	158,129	675,872	657,833
Notes receivables	22	Low risk	12m ECL	1,075	57,195	249,486
Prepayments, deposits and other receivables	23	Low risk	12m ECL	225,782	315,466	537,137
Restricted cash	27	Low risk	12m ECL	–	–	200,000
Cash and cash equivalents	27	Low risk	12m ECL	325,774	185,726	186,721
				710,760	1,234,259	1,831,177
Other items						
Contract assets	24	Low risk	Lifetime ECL (not credit impaired)	16,725	5,264	2,953

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed collectively within lifetime ECL.

	As at December 31, 2022		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
1-90 days	0.57	173,934	998
91-180 days	–	–	–
181-365 days	–	–	–
1-2 years	2.83	920	26
		174,854	1,024

	As at December 31, 2023		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
1-90 days	0.98	644,058	6,293
91-180 days	0.99	28,603	282
181-365 days	0.99	7,343	73
1-2 years	0.47	212	1
2-3 years	2.83	920	26
		681,136	6,675

	As at December 31, 2024		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
1-90 days	1.31	643,990	8,418
91-180 days	1.31	16,696	218
181-365 days	–	–	–
1-2 years	1.00	100	1
		660,786	8,637

The following table shows the movements in lifetime ECL that has been recognized for trade receivables and contract assets under the simplified approach.

	RMB'000
At January 1, 2022	157
Impairment losses recognized	964
Impairment losses revised	(97)
At December 31, 2022	1,024
Impairment losses recognized	6,300
Impairment losses revised	(649)
At December 31, 2023	6,675
Impairment losses recognized	3,923
Impairment losses revised	(1,961)
At December 31, 2024	8,637

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on the cash generated from the issuance of the Preferred Shares as the main source of liquidity. During the years ended December 31, 2022, 2023 and 2024, the Group had net cash generated from the issuance of the Preferred Shares of nil, RMB193,442,000 and RMB200,000,000, and cash used in operating activities of RMB501,557,000, RMB337,652,000 and RMB563,839,000, respectively.

The following table details the Group's remaining contractual maturity for its financial 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 interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022								
Trade payables	–	78,656	–	–	–	–	78,656	78,656
Accrued expense and other payables	–	98,291	–	–	–	–	98,291	98,291
Preferred Shares	*	–	–	–	–	1,794,080	1,794,080	1,747,368
Lease liabilities	6.25	16,098	7,001	1,862	–	–	24,961	23,593
Total		193,045	7,001	1,862	–	1,794,080	1,995,988	1,947,908

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying Amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023								
Trade payables	–	399,995	–	–	–	–	399,995	399,995
Accrued expense and other payables	–	318,421	–	–	–	–	318,421	318,421
Bank borrowings	4.04	57,223	–	–	–	–	57,223	55,000
Preferred Shares	*	–	–	–	1,869,832	–	1,869,832	1,967,053
Lease liabilities	6.49	8,269	2,212	–	–	–	10,481	10,090
Total		783,908	2,212	–	1,869,832	–	2,655,952	2,750,559

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024								
Trade payables	–	318,690	–	–	–	–	318,690	318,690
Accrued expense and other payables	–	650,829	–	–	–	–	650,829	650,829
Bank borrowings	2.64	338,535	–	–	–	–	338,535	330,000
Financial liabilities from notes discounted	–	101,627	–	–	–	–	101,627	101,627
Preferred Shares	*	–	–	–	1,898,051	–	1,898,051	2,082,145
Lease liabilities	5.85	8,482	6,410	291	–	–	15,183	14,358
Total		1,418,163	6,410	291	1,898,051	–	3,322,915	3,497,649

* The redemption amount disclosed is calculated based on 8% annual single return.

The Company

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022								
Accrued expense and other payables	–	2,089	–	–	–	–	2,089	2,089
Amounts due to subsidiaries	–	25,692	–	–	–	–	25,692	25,692
Preferred Shares	*	–	–	–	–	1,794,080	1,794,080	1,747,368
Total		27,781	–	–	–	1,794,080	1,821,861	1,775,149

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying Amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023								
Amounts due to subsidiaries	–	26,126	–	–	–	–	26,126	26,126
Preferred Shares	*	–	–	–	1,869,832	–	1,869,832	1,967,053
Total		26,126	–	–	1,869,832	–	1,895,958	1,993,179

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024								
Amounts due to subsidiaries	–	26,595	–	–	–	–	26,595	26,595
Preferred Shares	*	–	–	–	1,898,051	–	1,898,051	2,082,145
Total		26,595	–	–	1,898,051	–	1,924,646	2,108,740

* The redemption amount disclosed is calculated based on 8% annual single return.

40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group'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 the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy as at December 31, 2022

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at FVTPL				
Preferred Shares	–	–	1,747,368	1,747,368

Fair value hierarchy as at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at FVTPL				
Preferred Shares	–	–	1,967,053	1,967,053

Fair value hierarchy as at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
Investments in wealth management products issued by financial institutes	–	10,003	–	10,003
Financial liabilities at FVTPL				
Preferred Shares	–	–	2,082,145	2,082,145

Fair value of the Group's financial assets/liabilities that are measured at fair value on a recurring basis

Financial assets/liabilities	Fair value as at December 31,			Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Financial assets at FVTPL:						
Investments in wealth management products issued by a bank	–	–	10,003	Level 2	Discounted cash flow –future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.	N/A

Financial assets/liabilities	Fair value as at December 31,			Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Financial liabilities at FVTPL:						
Preferred shares	1,747,368	1,967,053	2,082,145	Level 3	Black-Scholes option pricing model to determine the fair value of the Preferred Shares.	Equity value of the Company (details of other valuation parameters and assumptions used in the valuation are disclosed in Note 33)

Fair value of the Company's financial liabilities that are measured at fair value on a recurring basis

Financial assets/liabilities	Fair value as at December 31,			Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Financial liabilities at FVTPL:						
Preferred shares	1,747,368	1,967,053	2,082,145	Level 3	Black-Scholes option pricing model to determine the fair value of the Preferred Shares.	Equity value of the Company (details of other valuation parameters and assumptions used in the valuation are disclosed in Note 33)

Note:

A 5% increase/decrease in the equity value of the Company, while all other variables keep constant, would increase/decrease the fair value of the Preferred Shares as at December 31, 2022, 2023 and 2024 by approximately RMB75,001,000/RMB75,243,000, RMB82,776,000/RMB83,064,000 and RMB84,832,000/RMB85,104,000, respectively.

There were no transfers between Level 1, 2 and 3 during the Track Record Period.

Reconciliation of Level 3 Measurements

The following table represents the reconciliation of Level 3 fair value measurements throughout the years ended December 31, 2022, 2023 and 2024:

	Preferred Shares
	RMB'000
At January 1, 2022	1,341,972
Addition	121,855
Changes in fair value	283,541
At December 31, 2022	1,747,368
Addition	71,587
Changes in fair value	148,098
At December 31, 2023	1,967,053
Changes in fair value	115,092
At December 31, 2024	2,082,145

The total gains or losses for the years ended December 31, 2022, 2023 and 2024, included RMB283,541,000, RMB148,098,000 and RMB115,092,000 unrealized loss relating to financial assets that are at level 3 fair value measurement as at December 31, 2022, 2023 and 2024, respectively.

The management considers that the carrying amounts of other financial assets and financial liabilities recognized in the Historical Financial Information approximate their fair values.

41. 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 maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 31, lease liabilities disclosed in Note 30, the Preferred Shares disclosed in Note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, other reserve, accumulated deficit and Translation reserve.

The management of the Group reviews the capital structure regularly. 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, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as raising, extension and early repayment of borrowings.

42. RELATED PARTY DISCLOSURES

The Company

Amounts due to subsidiaries (Non-trade nature):

	At December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Megatronix Technology Limited ("Megatronix Hong Kong")	–	–	79
Megatronix (Beijing) Technology	25,692	26,126	26,516
	25,692	26,126	26,595

Amounts due to subsidiaries are interest free and repayment on demand.

Remuneration of key management personnel of the Group

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and allowances	1,903	1,912	1,914
Performance-based bonuses	305	171	171
Retirement benefit scheme contributions	116	126	132
	2,324	2,209	2,217

During the Track Record Period 300,000, 300,000 and nil of share options were granted to Directors and key management of the Company for the years ended December 31, 2022, 2023 and 2024, respectively.

43. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company comprising the Group are set out below:

Name of subsidiaries	Place of establishment and principal place of business	Date of establishment	Issued and fully paid-up share capital	Proportion of ownership interest held by the Company: As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at the date of this report	Principal activities
				%	%	%	%	
Directly held:								
Megatronix Hong Kong	Hong Kong	July 09, 2018	HK$10,000	100	100	100	[100]	Investment holdings
Indirectly held:								
Megatronix (Beijing) Technology	The PRC	August 16, 2018	US$100,000,000	100	100	100	[100]	Smart Cockpit + X solutions
Megatronix (Wuhan) Technology	The PRC	June 27, 2022	US$62,000,000	100	100	100	[100]	Smart Cockpit + X solutions
Megatronix Infotech	The PRC	March 13, 2018	RMB3,140,000	100*	100*	100*	[100]	Smart Cockpit + X solutions

* Megatronix Infotech were controlled by the Group through the Contractual Arrangement during the Track Record Period (note 1.3).

Note:

All companies now comprising the Group have adopted December 31, as their financial year end.

During the Track Record Period the subsidiary of the Company has experienced continuing operation losses, the management of the Company concluded there was indication for impairment and conducted impairment assessment on the Company's investment in subsidiary. The Company estimates the recoverable amounts of its investments in subsidiary based on higher of fair value less costs of disposal and value in use. As the carrying amount of the investment in subsidiary does not exceed the recoverable amount based on fair value less costs of disposal and no impairment has been recognized.

The statutory financial statements of Megatronix (Beijing) Technology for each of the years ended December 31, 2022 and 2023, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Beijing Jiuxu Certified Public Accountants Co., Ltd (北京九旭會計師事務所有限公司) certified public accountants registered in the PRC (for 2022) and Beijing Bochenyiheng Certified Public Accountants, (北京博宸益恒會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2023).

The statutory financial statements of Megatronix (Wuhan) Technology Co., Ltd. for each of the years ended December 31, 2022 and 2023, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Beijing Ganyuan Certified Public Accountants, (北京甘元會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2022) and Wuhan Jijiatiancheng Certified Public Accountants, (武漢集佳添誠會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2023).

The statutory financial statements of Megatronix Infotech for each of the years ended December 31, 2022 and 2023, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Beijing Ganyuan Certified Public Accountants ,Co., Ltd (北京甘元會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2022) and Beijing Qisheng Certified Public Accountants, (北京起勝會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2023).

No audited statutory financial statements have been issued for the year ended December 31, 2024, except for Megatronix(Wuhan) Technology Co., Ltd. which was audited by Beijing Yihai Certified Public Accountants (北京奕海會計師事務所(普通合夥)) certified public accountants registered in the PRC.

No audited statutory financial statements were available for the rest of the companies of the Group during the Track Record Period as there was no requirement to issue audited accounts by the local authorities.

None of the subsidiaries comprising the Group had issued any debt securities at the end of each reporting period during the Track Record Period.

The above tabled lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

44. SUBSEQUENT EVENTS

The Company completed its Series D+ round of preferred share financing on May 27, 2025, at an issue price of USD3.1771 per share, with 9,661,071 preferred shares issued. The total consideration amounted to US$30,695,000 (equivalent to RMB221,262,000).

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Documents Available on Display."

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Directors

(a) *Power to allot and issue Shares*

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) *Power to dispose of the assets of the Company or any subsidiary*

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) *Compensation or payment for loss of office*

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) *Loans to Directors*

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) *Financial assistance to purchase Shares*

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

    (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

    (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) *Retirement, appointment and removal*

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorized representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorized representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which that person represents as that recognized clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorization, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorized by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorized by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorize payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realized or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by check or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorized representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by installments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or installment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancelation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorized representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorized representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 14, 2018 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

 (i) on or in respect of the shares, debentures or other obligations of the Company; or

 (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Documents Available on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on June 14, 2018. Our registered office is at Grand Pavillion, Hibiscus Way, PO Box 31119, Grand Cayman, Cayman Islands. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in "Summary of the Constitution of our Company" in Appendix III to this Document.

Our headquarters and principal places of business in the PRC are at Room 1101, 11th Floor, Building 6, No. 34, Chuangyuan Road, Chaoyang District, PRC. We have been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on June 23, 2025. Mr. Li Kin Wai (李健威) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

Changes in the Share Capital of our Company

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Document:

- on April 17, 2025, our Company issued and allotted Shares in the following manner:

  (i) a total of 8,755,530 Series D+ Preferred Shares to Beijing CM Digital Economy Investment Fund, L.P. (北京中移數字新經濟產業基金合夥企業(有限合夥));

  (ii) a total of 8,812,949 Series D+ Preferred Shares to Prime Investment Limited; and

  (iii) a total of 905,541 Series D+ Preferred Shares to Anhui Muhua I Equity Investment Partnership (Limited Partnership) (安徽慕華一號股權投資合夥企業(有限合夥));

- on May 27, 2025, a total of 8,812,949 Series D+ Preferred Shares were surrendered by Prime Investment Limited and canceled by the Company;

- on June 5, 2025, a total of 1,000 Shares then held by Qualblocks Holdings Limited were surrendered to the Company and canceled by the Company; and

- on June 5, 2025, a total of 1,000 Shares were issued to AIZL Holdings Limited.

Save as disclosed above, there has been no other alteration in our share capital of our Company within the two years immediately preceding the date of this Document.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Document:

- On October 18, 2024, Megatronix (Wuhan) Technology increased its registered share capital from US$50 million to US$62 million.

- On June 5, 2025, the registered shareholder of Megatronix Infotech transferred the entire equity interests therein to Megatronix (Beijing) Technology for a total consideration of RMB3.14 million following which transfer Megatronix Infotech became an indirect wholly owned subsidiary of the Company.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the extraordinary Shareholders' meeting of our Shareholders on [●] 2025, our Shareholders resolved that, among others:

(a) the Memorandum and Articles of Association were approved and adopted conditional **[REDACTED]**;

(b) the **[REDACTED]** and the **[REDACTED]** were approved;

(c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to (i) allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares which might require Shares to be allotted, issued, or dealt with, or to be sold and/or transferred out of treasury that are held as treasury shares, other than pursuant to the **[REDACTED]** or pursuant to a rights issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed 20% of the number of the Shares in issue (excluding any treasury shares) immediately following completion of the **[REDACTED]**, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;

(d) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all the powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares shall not exceed 10% of the total number of Shares in issue immediately following the completion of the **[REDACTED]**, excluding any treasury shares or Shares to be sold, or issued and allotted pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan; and

(e) the Repurchase Mandate was extended by the addition to the number of the Shares which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by the Company pursuant to the mandate to purchase shares referred to in paragraph (d) above, provided that such amount shall not exceed 10% of the total number of the Shares in issue (excluding any treasury shares) immediately following the completion of the **[REDACTED]**, excluding any Shares to be sold, or issued and allotted pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan.

Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of shares (which must be fully paid up) by a company with a **[REDACTED]** on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to an extraordinary Shareholders' meeting dated [●], the Repurchase Mandate was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the number of Shares in issue (excluding any treasury shares) immediately following the completion of the **[REDACTED]** but excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws of Hong Kong and the Cayman Islands. A listed company may not repurchase its own 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. As a matter of Cayman Islands law, any repurchases by the Company may be made out of profits or out of the **[REDACTED]** of a new issue of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the repurchase over the par value of the shares to be repurchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue (excluding any treasury shares) immediately after the completion of the **[REDACTED]** (but not taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan). Our Company may not issue new Shares, or a sale or transfer of any treasury shares, or announce a proposed issue of new Shares, or a sale or transfer of any treasury shares for a period of 30 days immediately following a share repurchase without the prior approval of the Stock Exchange. For the avoidance of doubt, this restriction will not apply to (i) a new issue of Shares, or a sale or transfer of treasury shares under a capitalization issue, (ii) a grant of share awards or options under a share scheme that complies with Chapter 17 of the Listing Rules or a new issue of Shares or a transfer of treasury shares upon vesting or exercise of share awards or options under the share scheme that complies with Chapter 17 of the Listing Rules, and (iii) a new issue of Shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue securities which were outstanding prior to the repurchase. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

To the extent that any treasury shares are deposited with **[REDACTED]** pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it does not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in the Company's own name as treasury shares, including an approval by the Board that (i) the Company will not (and will procure its broker not to) give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings for the treasury shares deposited with **[REDACTED]**; and (ii) in the case of dividends or distributions, the Company will withdraw the treasury shares from **[REDACTED]**, and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, 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 our 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 our Company to publish an announcement of our Company's 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), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

The Company may not purchase any of its Shares on the Stock Exchange for a period of 30 days after any sale or transfer of any treasury shares on the Stock Exchange, without the prior approval of the Stock Exchange.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, and whether the purchased Shares are canceled following settlement of any such purchase or held as treasury shares, and where applicable, the reasons for any deviation from the intention statement previously disclosed by the Company. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly breakdown of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons and impact for repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of Hong Kong.

On the basis of the current financial position as disclosed in this Document and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this Document. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

(d) Interim measures

For any treasury shares of the Company deposited with **[REDACTED]** pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

(i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with **[REDACTED];**

(ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from **[REDACTED]**, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or

(iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(e) General

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon **[REDACTED]**. To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed share repurchase has unusual features.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

The Directors have undertaken that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations in the Cayman Islands.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than such minimum percentage prescribed by the Stock Exchange could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our 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 could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our 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 Shares.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years preceding the date of this Document that are or may be material:

(a) the Ninth Amended and Restated Shareholders Agreement dated June 23, 2025 entered into among the Company, Megatronix Technology Limited, Megatronix (Beijing) Technology, Megatronix (Wuhan) Technology, Megatronix Infotech, AIZL Holdings Limited, MJXY Holdings Limited, Dr. Zhuang, Beijing CM Digital Economy Investment Fund, L.P. ((北京中移數字新經濟產業基金合夥企業(有限合夥)), Anhui Muhua I Equity Investment Partnership (Limited Partnership) (安徽慕華一號股權投資合夥企業(有限合夥)), Suzhou Muhua Equity Investment Partnership (Limited) (蘇州慕華股權投資合夥企業(有限合夥), Fulton Investment Limited, El Camino Fund, L.P., El Camino Fund Infinity, L.P., Tianjin Keytone Opportunity Growth Fund II Equity Investment Partnership (Limited Liability Partnership) (天津凱旋機會成長貳號股權投資合夥企業(有限合夥)), TH EDU Capital Fund I LP, Poly Platinum Enterprises Limited, ACE Redpoint Opportunity China, L.P., ACE Redpoint Opportunity Associates China, L.P., HIKE Capital III L.P., Nanshan Xingyu Holding Limited, ACE Redpoint Ventures China I, L.P., ACE Redpoint Associates China I, L.P., ACE Redpoint China Strategic I, L.P., HIKE Capital L.P.; and

(b) the **[REDACTED]**.

Intellectual Property Rights of our Group

Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group's business:

No.	Trademark Registered	Owner	Places of Registration
1	镁佳	Megatronix (Beijing) Technology	PRC
2	Megatronix	Megatronix (Beijing) Technology	PRC
3	SmartMega	Megatronix (Beijing) Technology	PRC
4		Megatronix (Beijing) Technology	PRC
5		Megatronix (Beijing) Technology	PRC

Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent Description	Registered Owner	Place of Registration
1	Automated Test Bench and Method for Vehicle Digital Cockpit System (一種車輛數字座艙系統的自動化測試台架及方法)	Megatronix (Beijing) Technology	PRC
2	Automatic Positioning and Parking System and Method (一種自動定位泊車系統及方法)	Megatronix (Beijing) Technology	PRC
3	SOME/IP Communication Middleware Implementation System, Method, and Vehicle (一種SOMEIP通信中間層實現系統、方法及車輛)	Megatronix (Wuhan) Technology	PRC
4	Method for Controlling the Screen of an Intelligent Vehicle (一種智能汽車屏幕控制的方法)	Megatronix (Beijing) Technology	PRC
5	Panoramic System Automatic Calibration Method, Device, Readable Storage Medium, and Electronic Equipment (全景系統自動標定方法、裝置、可讀存儲介質及電子設備)	Megatronix (Beijing) Technology	PRC
6	Method, Device, Equipment, and Storage Medium for Automatic Code Generation (一種代碼自動生成方法、裝置、設備及存儲介質)	Megatronix (Beijing) Technology	PRC
7	Functional Verification System and Method for ODX Interpreter (一種針對ODX解釋器的功能驗證系統和方法)	Megatronix (Wuhan) Technology	PRC
8	Multi-Zone-Based Human-Machine Interaction Method, Device, Equipment, and Storage Medium (一種基于多音區的人機交互方法、裝置、設備及存儲介質)	Megatronix (Wuhan) Technology	PRC
9	Rapid OTX Diagnostic Sequence Construction Method and Device (一種快速構建OTX診斷序列的方法及裝置)	Megatronix (Beijing) Technology	PRC
10	Method for Resolving Memory Leakage Caused by Prolonged Chip Operation (一種解决芯片長時間運行導致內存泄露的方法)	Megatronix (Beijing) Technology	PRC

No.	Patent Description	Registered Owner	Place of Registration
11	Dynamic Memory Protection Method, Device, Computer Device, and Storage Medium (動態內存保護方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
12	Descriptive File Format Conversion Method, Device, Computer Device, and Storage Medium (描述性文件格式轉換方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
13	Code Generation Method Based on Visual Configuration Tool and Visualization Display Interface (基于可視化配置工具生成代碼的方法及可視化顯示界面)	Megatronix (Wuhan) Technology	PRC
14	Real-Time Runtime Environment Generation System, Method, Computer Device, and Storage Medium (實時運行環境生成系統、方法、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
15	Automated Diagnostic Application Data Packet Generation Method, Device, Equipment, and Medium (自動化生成診斷應用數據包的方法、裝置、設備及介質)	Megatronix (Beijing) Technology	PRC
16	Assisted Parking Method, Device, Computer Device, and Storage Medium (輔助泊車方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
17	Parking Space Detection Method, Device, Computer Device, and Storage Medium (一種車位檢測方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
18	HSE-Based Data Anti-Replay Method and System (一種基于HSE的數據防重放方法及系統)	Megatronix (Beijing) Technology	PRC
19	In-Vehicle System Screen Debugging Method, Device, Computer Device, and Storage Medium (車載系統屏幕調試方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
20	Log Optimization Test Method, Device, Computer Device, and Storage Medium (一種日志優化測試方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
21	Cockpit Unit Test Method, Device, Computer Device, and Storage Medium (一種座艙車機測試方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
22	Fluency Determination Method, Device, Computer Device, and Storage Medium (一種流暢度確定方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
23	Automated Test Script Generation Method, Device, Computer Device, and Storage Medium (自動化測試脚本生成方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
24	Black Screen Fault Examination Method, Device, Computer Device, and Storage Medium (一種黑屏异常檢測方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
25	Voice Wake-Up Model Training and Voice Wake-Up Method, Device, and Computer Equipment (語音喚醒模型訓練及語音喚醒方法、裝置及計算機設備)	Megatronix (Beijing) Technology	PRC
26	Voice Recognition Model Construction and Voice Recognition Method, Device, and Storage Medium (一種語音識別模型構建及語音識別方法、裝置及存儲介質)	Megatronix (Beijing) Technology	PRC
27	Vehicle Sound Effect Adjustment Method, Device, Storage Medium, and Electronic Equipment (一種車輛音效調整方法、裝置、存儲介質及電子設備)	Megatronix (Beijing) Technology	PRC
28	Camera Internal/External Parameter Calibration Method, Device, Equipment, Storage Medium, and Program Product (相機內外參的標定方法、裝置、設備、存儲介質及程序產品)	Megatronix (Beijing) Technology	PRC

No.	Patent Description	Registered Owner	Place of Registration
29	Surround View System Calibration Method, Device, Computer Device, and Storage Medium (環視影像系統的標定方法、裝置、計算機設備及存儲介質)	Megatronix (Beijing) Technology	PRC
30	Vehicle Camera Fault Detection and Recovery Method, System, and Device (一種車輛攝像頭故障檢測與恢復方法、系統及裝置)	Megatronix (Wuhan) Technology	PRC
31	Virtual-Camera-Based Vision Application Development Method and System (一種基于虛擬攝像頭的視覺應用開發方法及系統)	Megatronix (Wuhan) Technology	PRC

Copyrights

As of the Latest Practicable Date, we owned the following copyrights which we consider to be material to our business:

No.	Copyright Name	Registered Owner	Place of Registration
1	Intelligent Vehicle Platform Software [Abbr: VMP] V1.0 (智能車輛平台軟件【簡稱：VMP】V1.0)	Megatronix (Beijing) Technology	PRC
2	Domain-Specific Voice Recognition System Software [Abbr: Domain-Specific Voice Recognition System] V1.0 (分domain語音識別系統軟件【簡稱：分domain語音識別系統】V1.0)	Megatronix (Beijing) Technology	PRC
3	360° Around View Monitoring Software [Abbr: avm] V1.0 (360環視軟件【簡稱：avm】V1.0)	Megatronix (Beijing) Technology	PRC
4	Megatronix In-Vehicle Inter-Process Communication Software [Abbr: Inter-Process Communication Software] V1.0 (鎂佳車端進程間通信軟件【簡稱：進程間通信軟件】V1.0)	Megatronix (Beijing) Technology	PRC
5	Automotive Digital Instrument Cluster Software (汽車數字儀錶盤軟件) [Abbr: Instrument Cluster Software] V1.0 (汽車數字儀錶盤軟件【簡稱：儀錶軟件】V1.0)	Megatronix (Beijing) Technology	PRC
6	DV Software V1.0 (DV軟件V1.0)	Megatronix (Beijing) Technology	PRC
7	Megatronix In-Vehicle Storage Management Software [Abbr: Storage Management] V1.0 (鎂佳車端存儲管理軟件【簡稱：存儲管理】V1.0)	Megatronix (Beijing) Technology	PRC
8	Custom Wake Model & Post-Processing Software V1.0 (自定義喚醒模型及後處理軟件V1.0)	Megatronix (Beijing) Technology	PRC
9	Security Key Management Terminal Software [Abbr: KBox] V1.0 (安全密鑰管理終端軟件【簡稱：KBox】V1.0)	Megatronix (Beijing) Technology	PRC
10	Smart Cockpit Central Display Crash Log Auto-Processing System V1.0 (智能座艙中控屏系統崩潰日志自動處理系統V1.0)	Megatronix (Beijing) Technology	PRC
11	Intelligent Sound Effect Adjustment System V1.0 (智能音效調節系統V1.0)	Megatronix (Beijing) Technology	PRC
12	Megatronix Vehicle Speaker Tuning Software V1.0 (鎂佳車載音箱調音軟件V1.0)	Megatronix (Beijing) Technology	PRC
13	Megatronix Cloud Cabinet Management System [Abbr: Cloud Cabinet Management System] V1.0 (鎂佳雲機櫃管理系統【簡稱：雲機櫃管理系統】V1.0)	Megatronix (Beijing) Technology	PRC
14	Vision-Based Parking Space Detection System V1.0 (基于視覺的停車位檢測系統V1.0)	Megatronix (Beijing) Technology	PRC
15	Megatronix Automated Script Editing Platform [Abbr: MegaEditor] V1.0 (鎂佳自動化脚本編輯平臺【簡稱：MegaEditor】V1.0)	Megatronix (Beijing) Technology	PRC
16	Smart Cockpit Screen Backlight Control Software V1.0 (智能座艙屏幕背光控制軟件V1.0)	Megatronix (Wuhan) Technology	PRC

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	megatronix.cn	Megatronix (Beijing) Technology	February 23, 2026
2.	megatronix.com	Megatronix (Beijing) Technology	December 10, 2025
3.	x-tetris.com	Megatronix Infotech	April 10, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Disclosure of interests of our Directors and chief executive of the Company in the Shares, underlying Shares, and debentures of our Company and our associated corporations

Save as disclosed in "Substantial Shareholders" and below, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no Shares are issued pursuant to the **[REDACTED]** Plan), so far as our Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in the Listing Rules:

Interests in our Company

Name of Director or chief executive	Position in the Group	Capacity/ Nature of interest	Number of Shares/ underlying shares held immediately after completion of the [REDACTED]	Approximate percentage of interest in our Company immediately after the completion of the [REDACTED](1)
Dr. Zhuang	Chairperson of the Board, executive Director, chief executive officer	Interest in controlled corporations and founder of a discretionary trust(2)	107,972,688	**[REDACTED]**
		Beneficial interests(3)	12,500,000	**[REDACTED]**
Mr. Tao Yiyang(4)	Executive Director, chief financial officer	Beneficial interests	2,150,000	**[REDACTED]**
Mr. Li Siwei(5)	Executive Director, chief technology officer	Beneficial interests	757,728	**[REDACTED]**

Notes:

(1) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are issued pursuant to the Pre-**[REDACTED]** Option Plan).

(2) See to "Substantial Shareholders" for details.

(3) As of the Latest Practicable Date, Dr. Zhuang was granted such number of options to subscribe for a total of 12,500,000 Shares.

(4) As of the Latest Practicable Date, Mr. Tao Yiyang was granted such number of options to subscribe for a total of 2,150,000 Shares.

(5) As of the Latest Practicable Date, Mr. Li Siwei was granted such number of options to subscribe for a total of 757,728 Shares.

Disclosure of Interests of the substantial shareholders in the shares of our Company and our subsidiaries

(a) Interests in our Company

Save as disclosed in "Substantial Shareholders", immediately following the completion of the **[REDACTED]** and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(a) Interests in our subsidiaries

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the **[REDACTED]**, be directly or indirectly interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company).

Particulars of Service Contracts

(a) Executive Directors

Each of the executive Directors [has entered] into a service contract with our Company under which they agreed to act as executive Directors for an initial term of three years commencing from the **[REDACTED]**, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) Non-executive Director and Independent Non-executive Directors

Each of the non-executive Director and the independent non-executive Directors [has signed] an appointment letter with our Company for a term of three years with effect from the **[REDACTED]**. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

Director's Remuneration

Save as disclosed in "Directors and Senior Management" and Note 12 to the Accountants' Report set out in Appendix I to this Document for the three years ended December 31, 2022, 2023 and 2024, none of our Directors received other remunerations of benefits in kind from us.

Disclaimers

Save as disclosed in this Document:

(a) none of the Directors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any our associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once the Shares are listed on the Stock Exchange;

(b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** and the Pre-**[REDACTED]** Option Plan), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(d) none of our Directors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

i. interested in our promotion, 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 us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

PRE-[REDACTED] OPTION PLAN

The following is a summary of the principal terms of the Pre-**[REDACTED]** Option Plan adopted pursuant to board resolutions passed on January 23, 2019. As of the Latest Practicable Date, the options under the Pre-**[REDACTED]** Option Plan had been fully granted, and no further options will be granted under the Pre-**[REDACTED]** Option Plan upon **[REDACTED]**. As such, the terms of which are not subject to the provisions of Chapter 17 of the Listing Rules.

1. Summary of terms

Purpose

The purposes of the Pre-**[REDACTED]** Option Plan is to promote the success of the Company and the interests of its Shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors, consultants and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

Types of Awards

The Administrator is authorized under the Pre-**[REDACTED]** Option Plan to award options or share awards (the "Award(s)").

*Terms of the Pre-***[REDACTED]** *Option Plan*

Subject to the termination provisions under the Pre-**[REDACTED]** Option Plan, the Pre-**[REDACTED]** Option Plan shall be valid and effective for the period of ten years commencing on their respective adoption date. No Award may be granted after the termination of the relevant Pre-**[REDACTED]** Option Plan.

Maximum number of Shares

The maximum aggregate number of Shares which may be issued under the Pre-**[REDACTED]** Option Plan are 52,163,873 Shares in the aggregate, representing approximately **[REDACTED]** of the total number of Shares in issue immediately after completion of the **[REDACTED]** ((assuming (i) the Shares issuable under the Pre **[REDACTED]** Option Plan are fully issued, and (ii) the **[REDACTED]** is not exercised).

Award Agreement

Each award granted under the Pre-**[REDACTED]** Option Plan shall be evidenced by an award agreement between our Company and the Grantee (the "Award Agreement"), the form of which shall be approved by the Administrator.

Administration

The Pe-**[REDACTED]** Option Plan shall be administered by and all Awards under the Pre-**[REDACTED]** Option Plan shall be authorized by the Administrator. The "Administrator" means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of Pe-**[REDACTED]** Option Plan, including the power to (among other things):

(i) determine eligibility and, from among those persons determined to be eligible, the particular eligible persons who will receive Awards;

(ii) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of the Pre-**[REDACTED]** Option Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;

(iii) approve the forms of Award Agreements, which need not be identical among participants;

(iv) construe and interpret the Pre-**[REDACTED]** Option Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and participants under the Pre-**[REDACTED]** Option Plan, make factual determinations with respect to the administration of the Pre-**[REDACTED]** Option Plan, further define the terms used in the Pre-**[REDACTED]** Option Plan, and prescribe, amend and rescind rules and regulations relating to the administration of the Pre-**[REDACTED]** Option Plan or the Awards;

(v) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent;

(vi) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);

(vii) determine fair market value for purposes of the Pre-**[REDACTED]** Option Plan and Awards;

(viii) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of the Pre-**[REDACTED]** Option Plan; and

(ix) determine whether, and the extent to which, adjustments are required and authorize the termination, conversion, substitution or succession of awards upon the occurrence of a relevant event.

Term of Award

The term of each Award shall be the term stated in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

Payment

The consideration to be paid for the Shares to be issued upon exercise of an Award, including the method of payment, comprise (among others):

(i) cash, check payable to the order of the Company, or electronic funds transfer;

(ii) notice and third party payment in such manner as may be authorized by the Administrator;

(iii) the delivery of previously owned Ordinary Shares; and

(iv) by a reduction in the number of Ordinary Shares otherwise deliverable pursuant to the Award;

Transferability of Awards

Unless otherwise expressly provided in the Pre-**[REDACTED]** Option Plan, all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge.

Exercise of Award

Any exercisable option will be deemed to be exercised when (a) the applicable exercise procedures in the related Award Agreement have been satisfied (or, in the absence of any such procedures in the related Award Agreement, the Company has received written notice of such exercise from the Participant), and (b) the Company has received any required payment made in accordance with the relevant plan rules, and (c) the Company has received any written statement required pursuant to the relevant plan rules.

Clawback Policy

The Awards granted under the Pre-**[REDACTED]** Share Option Plan are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of Awards or any ordinary shares or other cash or property received with respect to the Awards (including any value received from a disposition of the shares acquired upon payment of the Awards).

3. Listing Rules implications

The Pre-**[REDACTED]** Option Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of options by us after the **[REDACTED]** and the Company will not make further grants under the Pre-**[REDACTED]** Option Plan upon **[REDACTED]**. Application has been made to the Listing Committee for the **[REDACTED]** of and permission to deal in the Shares to be issued pursuant to the Pre-**[REDACTED]** Option Plan.

4. Outstanding share options and dilution effect and impact on earnings per Share

As of the Latest Practicable Date, share options were granted to 552 grantees, including three Directors who represent all members of the senior management of our Company, four consultants engaged by our Group, one connected person other than directors and other 544 employees of our Group (who were granted options to subscribe for 15,407,728 ordinary shares, 1,050,000 ordinary shares, 7,600,000 ordinary shares and 15,767,306 ordinary shares, respectively), to subscribe for an aggregate of [39,825,034] ordinary shares. As of the Latest Practicable Date, all the options so granted to subscribe for an aggregate of [39,825,034] ordinary shares were outstanding.

Assuming full exercise of options granted but unexercised under the Pre-**[REDACTED]** Option Plan , the shareholding of our Shareholders immediately following the **[REDACTED]** will be diluted by approximately **[REDACTED]**%, if calculated on the basis of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]**, and assuming that the **[REDACTED]** is not exercised. The consequent impact on the earnings per ordinary share for the years ended December 31, 2022, 2023 and 2024, is nil, nil, and nil, respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

The table below sets forth the details of the outstanding options granted to Directors (who represent all members of the senior management), connected persons and consultants of the Company and other employees of the Group under the Pre-**[REDACTED]** Option Plan:

Name of grantee	Position	Address	Date of Grant	Vesting Period(1)	Exercise Price	Number of Shares Underlying the Outstanding Options Granted	Approximate Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the Pre-[REDACTED] Option Plan)
Directors (who represent all members of senior management)							
Dr. Zhuang	Chairperson of the Board, executive Director, chief executive officer	3225 Emerson ST, Palo Alto, CA, USA	April 2, 2025	six months	US$0.1	12,500,000	**[REDACTED]**
Mr. Tao Yiyang	Executive Director, chief financial officer	38 Scotts RD, #23-08, Singapore	April 15, 2025	48 months, 25% by each 12 months	US$0.1	2,150,000	**[REDACTED]**
Mr. Li Siwei	Executive Director, chief technology officer	No. 53 Xiejia Hutong, Dongcheng District, Beijing, PRC	From May 14, 2019 to August 1, 2024	vested - 48 months, 25% by each 12 months	US$0.1	757,728	**[REDACTED]**
Connected person other than directors							
Mr. Xiao Yangke (2)	Chief commercial officer	No. 4, Side of the Catholic Church, Xihu District, Nanchang, Jiangxi, PRC	From June 6 2019 to March 20, 2025	vested - 48 months, 25% by each 12 months	US$0.1	7,600,000	**[REDACTED]**
Consultants							
Four consultants		—	From November 17, 2022 to May 22, 2025	vested - 12 months	US$0.1	1,050,000	**[REDACTED]**
Other employees							
Other 544 employees of our Group		—	From June 6, 2019 to May 22, 2025	vested - 48 months, 25% by each 12 months	US$0.1	15,767,306	**[REDACTED]**

Note:

(1) All vested options will become exercisable upon **[REDACTED]**.

(2) Mr. Xiao Yangke is our former Director.

OTHER INFORMATION

Estate Duty

Our 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, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024 (being the date up to which the latest consolidated financial statements of our Group were prepared) and up to the date of this Document.

The Joint Sponsors and Joint Sponsors' fees

The Joint Sponsors are independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The fee payable by our Company to the Joint Sponsors to act as sponsor to our Company in connection with the **[REDACTED]** is US$250,000 each.

Preliminary Expenses

We have not incurred any material preliminary expenses.

Promoter

Our Company has no promoter for the purpose of the Listing Rules.

Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	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
Citigroup Global Markets Asia Limited	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), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
Deutsche Securities Asia Limited ***(In alphabetical order)***	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities
CM Law Firm	Legal adviser to our Company as to PRC law
Maples and Calder (Hong Kong) LLP	Legal adviser to our Company as to Cayman Islands laws
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

Consents of Experts

Each of the experts named above has given and has not withdrawn its respective written consents to the issue of this Document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this Document in the form and context in which it is respectively included.

Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

MISCELLANEOUS

Save as otherwise disclosed in this Document:

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no 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;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(i) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of each of the material contracts referred to in "Statutory and General Information—Further Information about our Business—Summary of Material Contracts" in Appendix IV to this Document; and

(b) the written consents referred to in "Statutory and General Information—Other Information—Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.megatronix.com** during a period of 14 days from the date of this Document:

(a) the Memorandum of Associations and Articles of Association of our Company;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2022, 2023 and 2024;

(d) the report on the unaudited **[REDACTED]** financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Statutory and General Information—Further Information about our Business—Summary of Material Contracts" in Appendix IV to this Document;

(f) the written consents referred to in "Statutory and General Information—Other Information—Consents of Experts" in Appendix IV to this Document;

(g) the service contracts and letters of appointment with our Directors referred to in "Statutory and General Information—Further Information about our Directors and Substantial Shareholders—Particulars of Service Contracts" in Appendix IV to this Document;

(h) the legal opinions issued by CM Law Firm, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group in the PRC;

(i) the letter of advice from Maples and Calder (Hong Kong) LLP, our legal adviser as to the laws of the Cayman Islands, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this Document;

(j) the report issued by Frost & Sullivan, a summary of which is set forth in "Industry Overview";

(k) the terms of the Pre-**[REDACTED]** Option Plan; and

(l) the Cayman Companies Act.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a list of grantees under the Pre-**[REDACTED]** Option Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Davis Polk & Wardwell at 10th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.